



# **BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018/19**



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## CHAPTER 1- MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



## **CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

### **1.1 MAYOR'S FOREWORD**

It gives me great honour and privilege to present the annual report of our municipality for the 2018/19 fiscal year. Our annual report gives effect to the legal framework requirements, concepts and principles governing the sphere of Local Government which reflect public responsibility. Our municipality remains committed to the vision: "We are visionary leaders who serve through community driven initiatives, high performance, sound work ethic, innovation, cutting edge resources and synergistic partnerships". The municipality continues to demonstrate tireless commitment to making a difference in the lives of ordinary citizens and maintaining the institution's reputation for excellence, effectiveness and efficiency. In the year under review, this institution continued on a positive trajectory to provide quality service delivery to the residents of Big 5 Hlabisa Local Municipality areas

#### **Key Policy Developments:**

After consultation with our communities and stakeholders, the Municipality identified the most critical issues and risks that need to be addressed, should the organisation wish to survive the challenges of the years ahead, and continue to function effectively, efficiently and economically.

- To facilitate real opportunities for our youth, women, and disabled and appropriate care for the aged
- Ensure effective and efficient government.
- To ensure ecological integrity through sustainable practices of municipal governance
- To promote access for all citizens to equitable, appropriate and sustainable infrastructure and services within a safe environment
- To create an enabling environment for economic growth that attracts investors, encourages innovation and facilitates pro-poor interventions.

These strategic objectives are aligned to the Provincial Growth and Development Strategy and the National Development Plan, the National Spatial Development Perspective and the National Key Performance Areas. The Integrated Strategic Development Framework will further build on the work of the IDP, to broaden the horizon.

#### **Key Service Delivery Improvements:**

Some of the key service delivery improvements and achievements for the past year include:

- Phumlani Road
- Madondo Community Hall
- Manqoba Community Hall
- Nkositini Road

### **Public Participation:**

One of Council's goals is to have a ward committee summit to ensure the various committees can share best practices and learn from each other at least once a year. The organisation relies on the Ward Committees to identify and prioritise needs and projects within the thirteen wards. As there are some sectors and associations that are not on the Ward Committees, the IDP Forum serves to solicit additional inputs. The Municipality further relies on the Audit Committee and the Municipal Public Accounts Committee. Furthermore, Council communicates via the various Portfolio Committees; media releases and communiqués; and social media. Ward Councillors are also closely assisted by the Public Participation section and serves as an important communication medium with various communities.

### **Conclusion**

Local Government is at the coal-face of service delivery. Irrespective of its mandate, Local Government is seen as the representative for National and Provincial Government. I am acutely aware of this responsibility and the Municipality will continuously strive to collaborate and co-ordinate efforts to ensure cohesive and sustained service delivery.

I wish to thank our ward committees, communities, partners and stakeholders for their participation and support during the past financial year. May we build on our strengths and collectively address the challenges in order for Big 5 Hlabisa Municipality to be "A place where people and nature prosper".

I would further like to thank the Municipal Manager and his Senior Managers for the professional leadership they are providing. With the dedicated assistance of the municipal staff, we were able to attain the performance stated in this annual report.

**Cllr. CT Khumalo**  
**Honourable Mayor**

## **1.2 MUNICIPAL MANAGER'S OVERVIEW**

During the 2018 – 2019 financial year of the Big 5 Hlabisa Municipality the general focus remained on improving service delivery, creating an environment for financial stability and promoting organisational wellbeing. As such we realised that in order to achieve our goals, we needed to ensure that our administration together with our political office bearers were clear on our vision and mission. Our strategic direction for the past year brought about a fundamental shift in perspectives, both internally and externally.

The past year had its problems but through it all we persevered, specifically focusing on improving our communications, instilling a performance management culture, developing and laying a solid foundation and promoting accountability amongst staff. Our ultimate aim for the past year was to improve our services by setting clear directives, better oversight and to have an interactive approach with our communities. New work opportunities were created through the municipality's EPWP programme – nearly double the annual target set in this regard.

Furthermore, we have decided to fill the Chief Finance Officer positions for the coming financial year in order to address this matter and to improve our relations with our business sector and stakeholders within the area. causes of these challenges. We want to create public value to all our citizens. As an organisation we believe that our institutional growth and progress thus far, provide a solid foundation to meet new challenges and to focus on providing an improved environment for sustained and shared economic growth, improved service delivery and on creating sustainable living conditions.

It is our commitment to diligently continue with the task at hand and to ensure that all citizens benefit and enjoy our services and the opportunities that our area provides. I commend all my staff, irrespective of rank, for their respect, commitment, dedication, loyalty and hard work that contributed to a highly successful year. I also wish to thank the Mayor, Deputy Mayor, Speaker and Councillors for their support.

**DR VJ MTHEMBU**

**Municipal Manager**

## **LEGISLATIVE REQUIREMENT**

This report is prepared in terms of Chapter 6, Section 46 of the Municipal Systems Act no 32 of 2000. The report to council quarterly enables the municipality to detect early signals for underperformance and take corrective measures timeously.

## **CHALLENGES**

The following challenges were experienced by the Municipality and have impacted negatively on the Organisational Performance:

- (a) Institutional Capacity – vacant critical position for the Chief Financial Officer of which was filled in the last month of the financial year.
- (b) Budgetary constraints
- (c) Late submission of Performance Information and individual Performance Reports (During the 2016/17 financial year it was a big challenge even in 2017/18 financial year it's still the challenge to all departments).

## **1.3 MUNICIPAL OVERVIEW**

Big 5-Hlabisa Local Municipality is located in the Northern- western part of KwaZulu-Natal Province. It is one of four local municipalities that make up uMkhanyakude District family and is centrally located among all local municipalities of uMkhanyakude family. The municipality is a product of a type C amalgamation process between the former Big 5 False Bay Municipality and Hlabisa Local Municipality, initiated by the Demarcations Board in terms of the Municipal Structures Act.

The name of the municipality is reflective of the historical context of the two former municipalities. The Municipality is predominantly rural with only one semi-urban area being Hluhluwe in ward 5. The municipality is demarcated into 13 wards and has twenty-five (25) councillors. Hluhluwe and Hlabisa are the main towns and centres of employment opportunities, shopping and recreational facilities Easily accessible off the N2 national route, the municipality lies adjacent to the False Bay (western) side of the Isimangaliso Wetland Park (previously known as the Greater St Lucia Wetlands Park).

### **1.3.1 DEMOGRAPHICS**

#### **a) Population**

The South African population by province, according to Census 2001 was 9 584 129 and 2011 was 10 267 300. There has been a percentage growth of 21.4 % in 2001 compared to 19.8% growth in 2011 graphically depicted as follows:

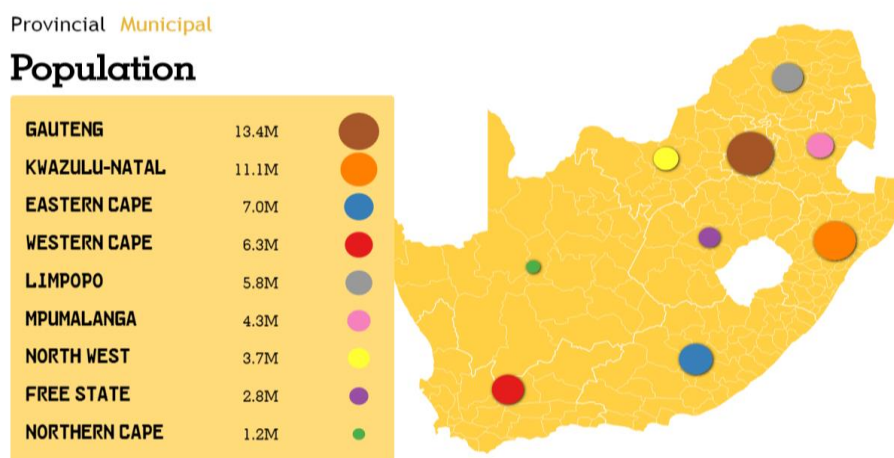
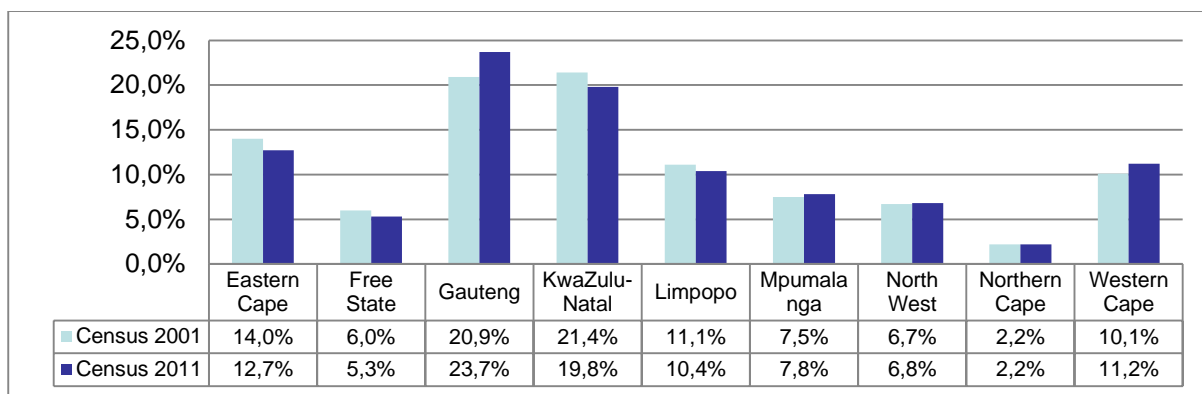


Figure 06: Population by size

In relation to the population figures at a Provincial level the population for the district family of uMkhanyakude contributes 5.9% and Big 5 Hlabisa municipality contributes 0.3%.

Big 5 Hlabisa Municipality had a population of 28 857 in 1996, 31484 in 2001 and further increased to 116 622. The percentage growth was 1, 7%. According to census 2011 the population increased from 31 482 in 2001 to 35 258. The percentage growth was 1, 1%. It is therefore evident that the growth rate slightly decreased in the period between 2001- 2011 as compared to 1996 to 2001 and The Big 5 Hlabisa is least populated within the district as depicted in the table below:

According to Census 2011 the combined population of 13 wards under the new Big Five Hlabisa Municipality was 107 147. The distribution of Population according to new 13 wards:

Table 1: Big 5 Hlabisa Population size

Municipality	Number of households
	Total
DC27: UMkhanyakude	151 245
KZN271: Umhlabuyalingana	39 614
KZN272: Jozini	44 584
KZN275: Mtubatuba	41 792



KZN276: Big 5 Hlabisa	25 255
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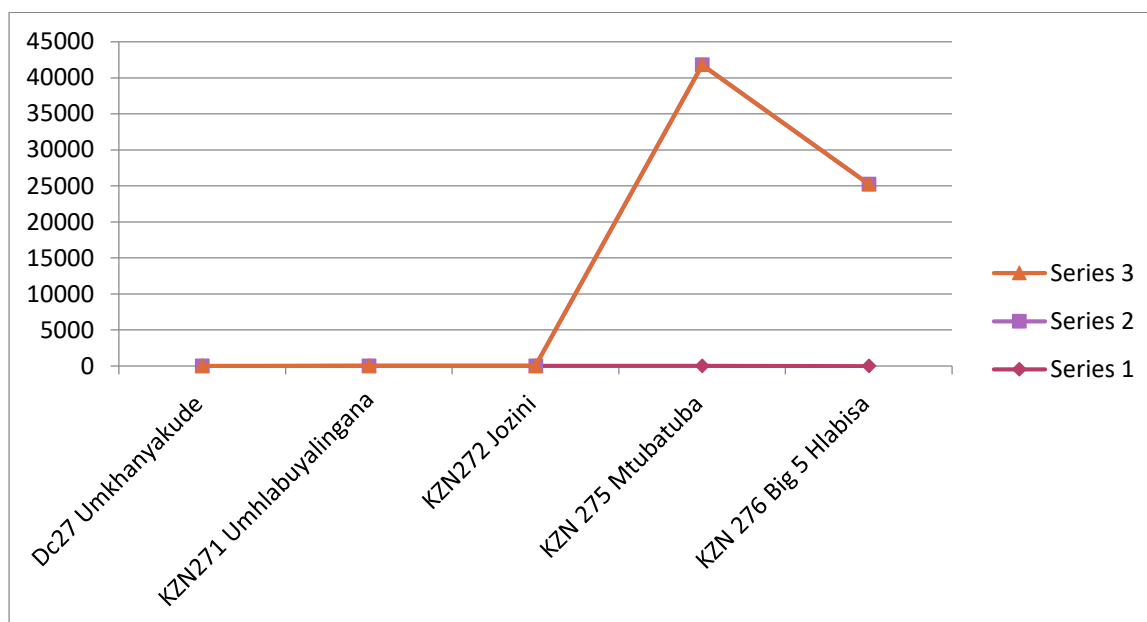


Figure 07 indicate Big 5 Hlabisa Population size

According to Community Survey 2016 the population for the new Big 5 Hlabisa Municipality was 116 622.

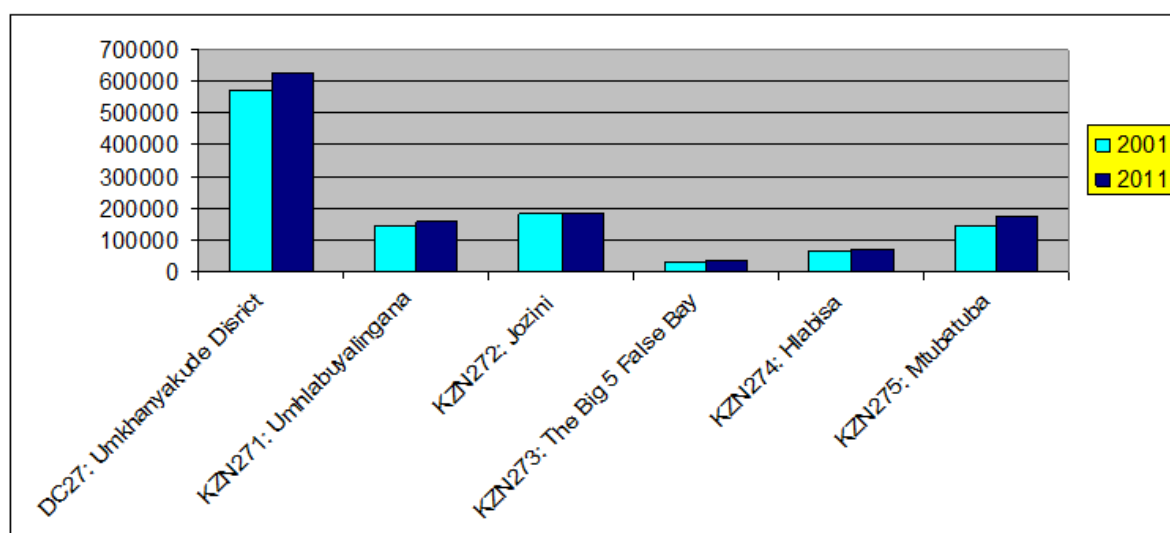


Figure 08: Stats SA census 2011 Distribution of population by size in comparison with other uMkhanyakude District Municipalities (Stats SA census 2011)

#### b) Unemployment rate

Almost half of the total population is not economically active. A trend consistent to the District indicates that a bulk of those unemployed and not economically active comprises of youth.

The figure below indicated employment status district wide

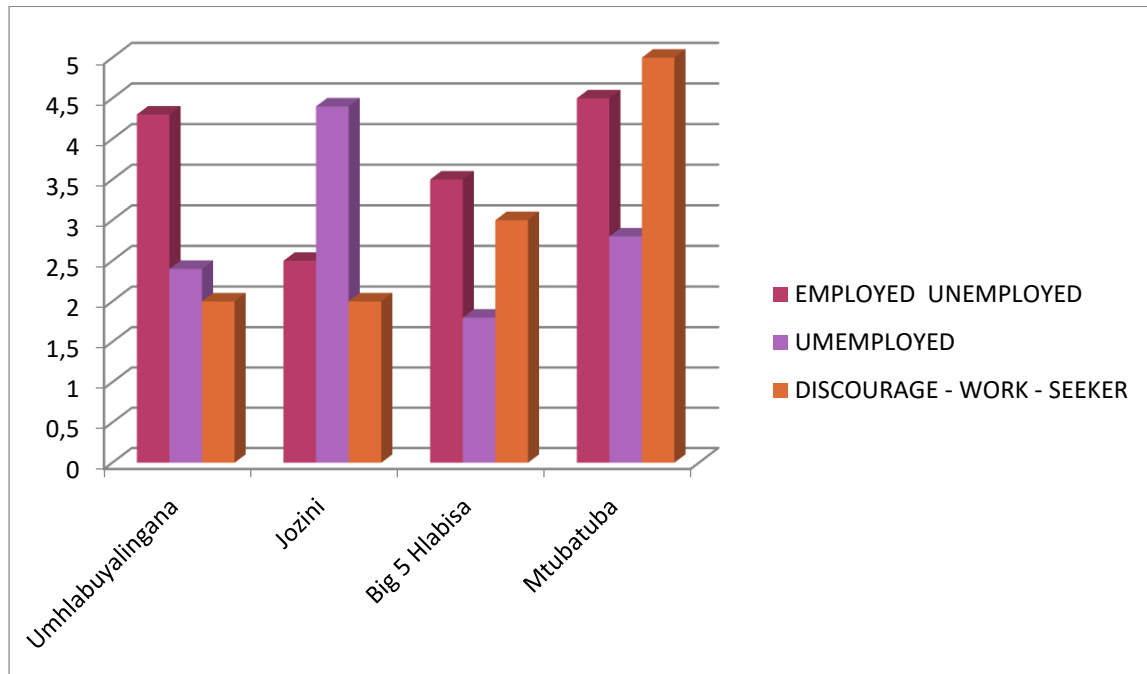


Figure 09 Distribution of population by employment status, Source Census 2011, Stats SA

### c) Age And Gender

Out of all local municipalities in UMkhanyakude, Big 5 Hlabisa Municipality has the smallest imbalance in gender ratios, i.e. the most evenly matched proportion of males and females. The most significant implication of this is that the migration of male family members to find work away from home might occur less than in other parts of the district

The gender breakdown of the individual wards of Big 5 Hlabisa shows a stark difference between gender proportions in Ward 3 (urban areas, commercial farms and game lodges) and the traditional areas. Higher proportions of males in Ward 3 could be accounted for by farm workers living on the commercial farms (possibly originally residing in one of the tribal wards). None of the tribal wards (1, 2 and 4) display unusually high proportions of females to males; the distinction is none-the-less pronounced.

According to Community Survey 2011 the population distribution per Gender for UMkhanyakude Municipalities is as follows:

Community CS 2016	Population by		Gender per	Municipality
Municipality	Male	Female		Population
DC27: UMkhanyakude	323993	365097		689090
KZN271 :Umhlaluyalingana	80679	91398		172077
KZN272 : Jozini	93282	104933		198215
KZN275 : Mtubatuba	95377	106800		202177
KZN276 : Big5 Hlabisa	54655	61967		116622

KZN273: The Big 5 False Bay	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	1 899	1 879	3 778	2 110	2 007	4 117	2 343	2 323	4 666
5 - 9	1 986	1 989	3 974	2 304	2 179	4 483	2 092	2 076	4 168
10 - 14	1 888	2 015	3 903	2 368	2 225	4 593	2 283	2 109	4 392
15 - 19	1 569	1 579	3 148	2 052	2 113	4 165	2 220	2 104	4 324
20 - 24	1 282	1 403	2 685	1 462	1 481	2 943	1 628	1 939	3 567
25 - 29	943	1 167	2 110	1 083	1 220	2 303	1 406	1 724	3 129
30 - 34	714	1 023	1 737	768	1 111	1 878	978	1 269	2 247
35 - 39	673	823	1 496	615	897	1 511	777	1 021	1 798
40 - 44	513	661	1 174	569	672	1 241	602	863	1 465
45 - 49	443	498	942	405	540	946	526	809	1 335
50 - 54	318	320	639	352	445	797	463	594	1 056
55 - 59	285	318	603	206	281	488	360	498	858
60 - 64	206	373	579	239	355	594	286	430	717
65 - 69	208	301	510	176	356	532	159	294	453
70 - 74	125	151	277	164	296	459	153	281	434
75 - 79	66	86	152	83	115	198	88	186	274
80 - 84	34	47	81	47	72	119	82	144	226
85+	19	43	62	47	67	114	58	89	147
Total	13 171	14 676	27 847	15 050	16 432	31 482	16 505	18 753	35 258

According to Community Survey 2016 the population distribution per Gender for UMkhanyakude District Municipalities is as follows:

Big 5 Hlabisa	Male	Female
0 - 4	-15.6	13.4
5 - 9	-13.8	11.6
10 - 14	-14.4	11.9
15 - 19	-14.7	12.0
20 - 24	-9.7	10.1
25 - 29	-7.2	8.1
30 - 34	-4.8	5.6
35 - 39	-3.8	4.7
40 - 44	-3.1	4.1
45 - 49	-2.9	4.1
50 - 54	-2.6	3.4
55 - 59	-2.3	2.8
60 - 64	-1.9	2.3
65 - 69	-1.2	1.6
70 - 74	-0.9	1.6
75 +	-1.3	2.6
Grand Total	100.0	100.0

Table 17: Distribution of population by age and sex, The Big 5 Hlabisa Municipality 2011- 2016 Source Census Stats SA.

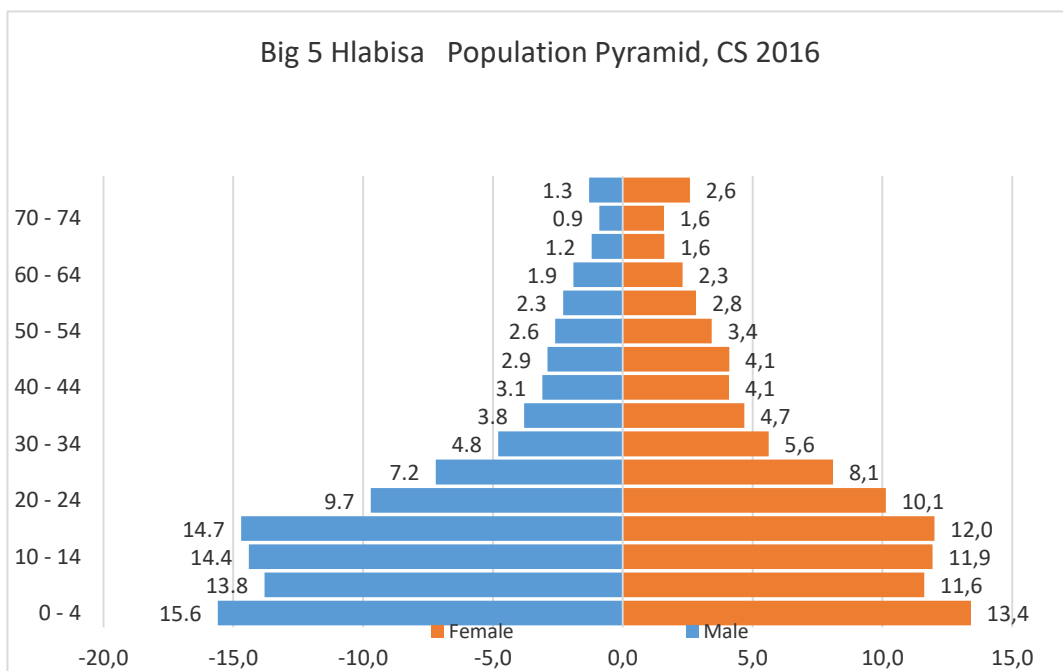
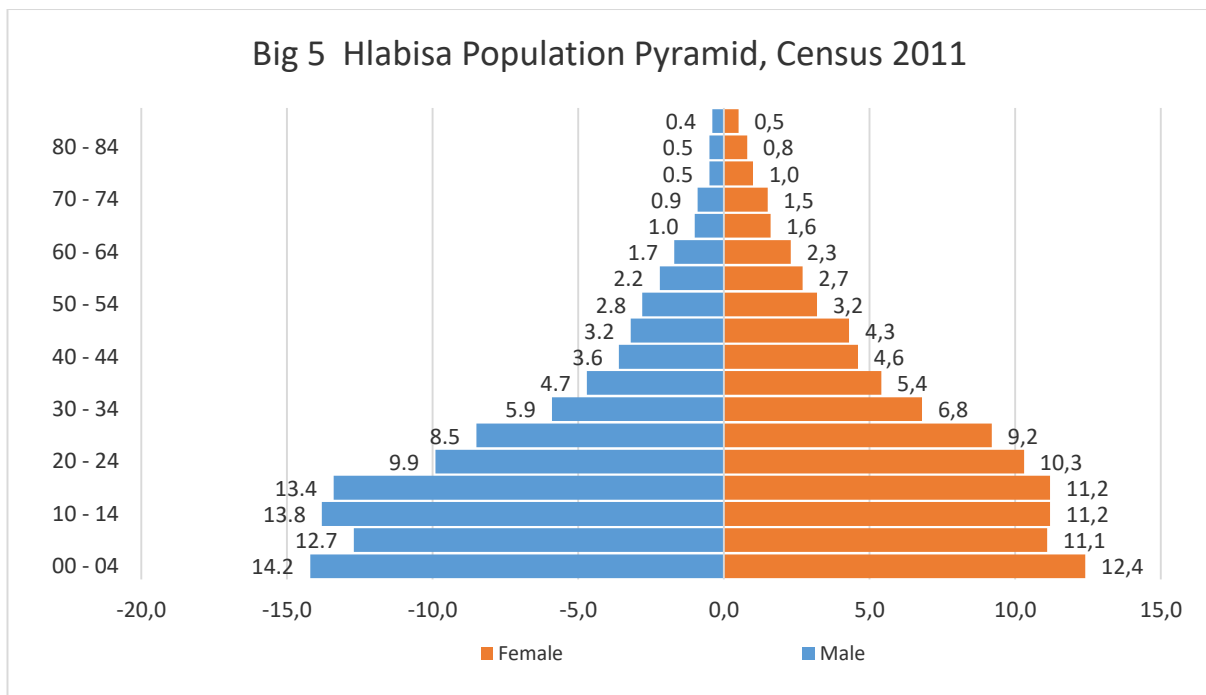


Figure 10 Population Pyramid, Distribution of population by Age and Sex, Source: Stats SA Census 2011.

#### d) Household Composition

The household structures differ greatly in suburban as compared to rural and traditional. Suburban household might comprise 3-5 members in one physical building, and a traditional rural black household that might house up to 10 or more people in a cluster of structures. Such differences in settlement patterns and cultures complicate statistical projections over large areas. The 2001 and 2011 Census gives household sizes across the whole spatial spectrum.

The table below indicates the number of households for Big 5-Hlabisa Municipality in terms of statistics information for 2001 was 6214 and 7998 in 2011. There has been a slight increase and various factors might have impacted on this pattern. It is noted that Big 5 Hlabisa has the second smallest number of households as compared to other municipalities within uMkhanyakude District. Big 5 Hlabisa total population in 2001 was 16825 in 2011 was 20584 and in 2016 moved to 25255

MUNICIPALITY	2001	2011	2016
<b>DC27: Umkhanyakude</b>	<b>101563</b>	<b>128195</b>	<b>151 245</b>
KZN271: Umhlabuyalingana	26324	33857	39614
KZN272: Jozini	33589	38849	44584
<b>KZN276 The Big 5 Hlabisa</b>	<b>16825</b>	<b>20584</b>	<b>41792</b>
KZ 275 Mtubatuba	24826	34905	25255

Table 18: Table: Distribution of population by households income in Source Stats Census 2001 and 2011

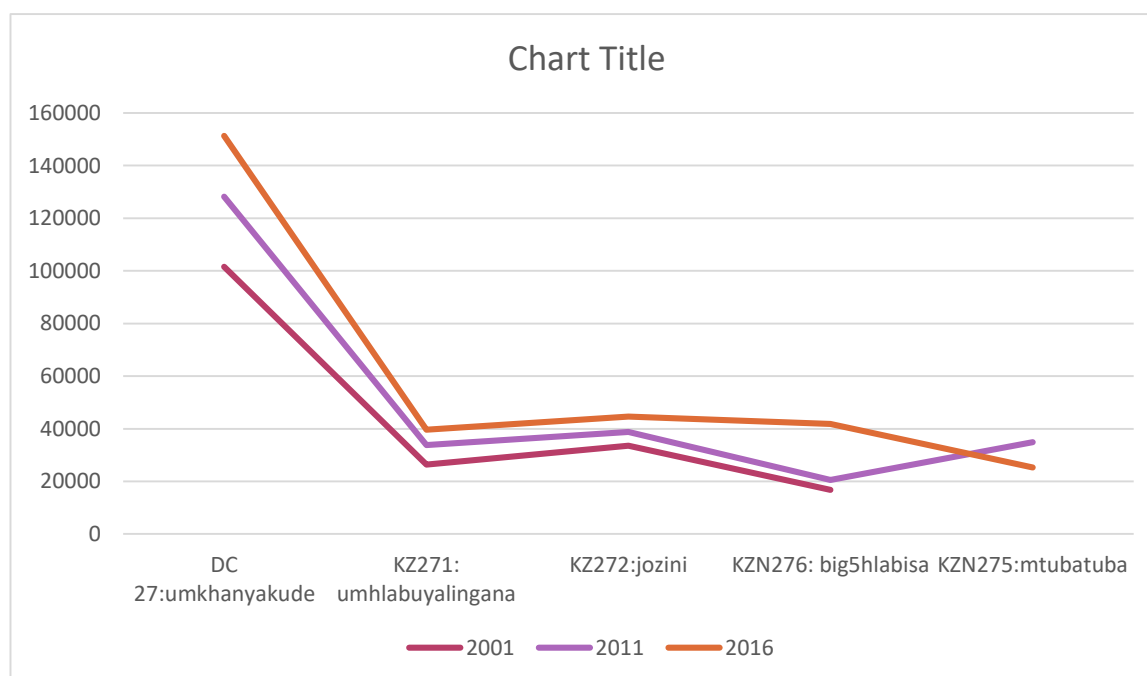


Figure: 11 Distribution of population by household's income, Source Census 2011 - 2016 Stats

MUNICIPALITY	TOTAL PUPULATION			NUMBER OF HOUSEHOLDS			EVERAGE HOUSEHOLD SIZE		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
DC27: Umkhanyakude	503 757	562047	612 389	72 714	101563	128195	6,9	5,5	4,8
KZN271: Umhlabuyalingana	128 616	140078	154 410	19 464	26 324	33 857	6,6	5,3	4,6
KZN272: Jozini	151 747	180664	184618	22 100	33 589	38 849	6,9	5,4	4,8
KZN276 Big 5 Hlabisa	123689	98212	105250	12430	16825	20584	8,2	4,8	4,0
KZN275: Mtubatuba	128 559	143093	171296	18 721	24 826	34 905	6,9	5,8	4,9

Table 19: Average household size by municipality Census Stats SA 1996, 2001 and 2011

According to Statistics SA census 1996, 2001 and 2011, the total population of Big 5 was approximately 28 857 in 1996, 29 945 in 2001 and 35 258 in 2011. The number of households were 3 835 in 1996, 6 214 in 2001 and further increased to 7 998 in 2011.

According to Statistics SA census 1996, 2001 and 2011, the total population of Hlabisa was approximately 65978 in 1996, 68 267 in 2001 and 69992 in 2011. The number of households were in 8 595 in 1996, 10 611 in 2001 and further increased to 12 586 in 2011

There has not been major increase considering figures depicted in the table above. A multiple of factor can be attributed to the trend above. Factors will also range from decline to quality of life or HIV/AIDS epidemic posing a challenge to the Municipality thus the need to intensify HIV/AIDS interventions.

#### e) Socio Economic Status

Although Big 5 Hlabisa municipality is grant dependent, with a very minimal own revenue contribution within the district, the municipal area has enjoyed a number of economic resources that are utilized to stimulate economic growth and development required in the area.

There are three major natural resources in the Big 5 Hlabisa Municipality which plays a major role in economic development and in reducing unemployment rate.

Natural Resources	
Major Natural Resource	Relevance to Community
Agriculture	Job Creation
Tourism	Improves economic development in the area
Game Reserves	Economic development and job creation

The Big 5 Hlabisa Municipality has conducted its own SWOT analyses which are as follows:

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
<b>PHYSICAL INFRASTRUCTURE</b>			
<ul style="list-style-type: none"> <li>• <b>Municipal buildings (habitable, functional)</b></li> <li>• <b>Plant &amp; equipment (new fleet, fleet maintenance contract, fleet tracking system, fuel management system)</b></li> <li>• <b>Municipal infrastructure</b></li> <li>• <b>Roads (compliance with national road's legislation, functional roads)</b></li> <li>• <b>Electricity (quality, sustainability, compliance to regulatory framework)</b></li> <li>• <b>Sanitation (compliance, functionality, maintenance contract);</b></li> <li>• <b>Water (compliance with relevant standards, functional)</b></li> </ul>	<ul style="list-style-type: none"> <li>• Municipal buildings (maintenance, shortage of space);</li> <li>• Plant &amp; equipment (old, under maintained, non-availability)</li> <li>• Municipal infrastructure</li> <li>• Lack of bulk infrastructure for new developments</li> <li>• Roads (lack of roads in rural areas, road maintenance)</li> <li>• Electricity (distribution capacity, under resourced, lack of electricity in rural);</li> <li>• Sanitation (waste water treatment works capacity, lack of sanitation infrastructure in CBD);</li> <li>• Water (under maintained infrastructure, bulk infrastructure in rural areas, water loss)</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue generation / alternative sources of funds;</li> <li>• Inter-governmental relations framework / stakeholder alliances;</li> <li>• ICT developments;</li> <li>• Economic diversification;</li> <li>• Tourism opportunities;</li> <li>• Job creation opportunities;</li> <li>• International events;</li> <li>• Mining charter;</li> <li>• Agriculture;</li> <li>• Supportive legislative requirements;</li> <li>• Global city region initiative;</li> <li>• A single public service;</li> </ul>	<ul style="list-style-type: none"> <li>• Non-payment culture in community and government department;</li> <li>• Inadequate resources to deal with increasing demands (financial constraints);</li> <li>• Economic recession;</li> <li>• Poverty / unemployment impacting negatively on available resources;</li> <li>• High electricity tariffs / penalties;</li> <li>• Electricity supply capacity;</li> <li>• Illegal connections;</li> <li>• Vandalism of infrastructure;</li> <li>• Gaps in legislation (eg. land use, inter-governmental fiscal relations, electricity restructuring initiatives);</li> <li>• Illegal land occupation and evictions;</li> <li>• Long lead times on EIA's;</li> <li>• Insufficient of water resources; and</li> <li>• Service delivery related social unrest.</li> </ul>
<b>SOCIAL SERVICES</b>			
<ul style="list-style-type: none"> <li>• <b>Public safety services;</b></li> <li>• <b>Community development;</b></li> <li>• <b>Social amenities management; and</b></li> <li>• <b>Sport and recreation development facilitation</b></li> </ul>			
<b>ECONOMIC SERVICES</b>			



<ul style="list-style-type: none"> <li>• Urban and rural development planning, human settlement planning;</li> <li>• Local economic development (development towards Hluhluwe and Hlabisa)</li> </ul>	<ul style="list-style-type: none"> <li>• Local economic development (tourism marketing, tourism promotion, SMME development)</li> </ul>		
<b>CORPORATE GOVERNANCE PRACTICES</b>			
<ul style="list-style-type: none"> <li>• Legal compliance</li> <li>• Oversight Environmental Management System</li> </ul>			
<b>ENVIRONMENTAL MANAGEMENT SYSTEM</b>			
<ul style="list-style-type: none"> <li>• Open space management;</li> <li>• Municipal health; and</li> <li>• Environmental compliance facilitation</li> </ul>			
<b>GOVERNANCE FOR LOCAL COMMUNITIES</b>			
<ul style="list-style-type: none"> <li>• Local Government Accountability</li> </ul>			
<b>BUSINESS LEADERSHIP / MANAGEMENT</b>			
<ul style="list-style-type: none"> <li>• Organisation culture (work ethic);</li> <li>• Strategic positioning;</li> <li>• Stakeholder relations management / communication;</li> <li>• Business performance management (systems, policies)</li> </ul>			
<b>RESOURCE MANAGEMENT</b>			
<ul style="list-style-type: none"> <li>• Financial management;</li> <li>• Asset management;</li> </ul>	<ul style="list-style-type: none"> <li>• People management (labour relations, policy compliance,</li> </ul>		

<ul style="list-style-type: none"> <li>• <b>Information / knowledge management (Deputy information officer position)</b></li> </ul>	individual performance management); <ul style="list-style-type: none"> <li>• ICT management (network, ERP, delivery time); and</li> <li>• Information / knowledge management (data management, abdicating roles and functions).</li> </ul>		
<b>Sharing resources, e.g. vehicles, and municipal offices.</b>	Lack of unity	Locational advantage in terms of the new corridors.	Population growth
<b>Enough staffing according to the competency of individuals/ adequate human resources.</b>	Low revenue base	Plenty of idling land	poverty
<b>Disaster management unit.</b>	Poor institutional memory	Tourism attraction.	HIV/ AIDS
<b>Administrative systems in place</b>	Lack of transparency.	Agricultural potential.	Climate change
<b>Community amenities.</b>	Poor management of resources.	Nature conversation.	Rhino poaching

## 1.4 SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

In terms of the Municipal Systems Act 32 of 2000 and the Municipal Structures Act, The Big 5-Hlabisa local Municipality has two satellite offices located within the town of Hluhluwe (North Eastern) and Hlabisa (South Western). Both these offices are responsible for the political and administrative function assigned to it in terms of the powers and functions. However strong Traditional Authority areas exist within wards and is administered by the Ingonyama Trust board as far as tenure is concerned.

The municipality managed to prepare and approve on time a 2018/19 Budget process plan; a credible the 2017/18 IDP and Budget.

Big 5 Hlabisa municipality managed to achieve some of the targets set, however the municipality have experienced challenges on issues of institutional development to achieve targets set for human resources matters; basic service delivery; Social and Local Economic Development and Governance and public participation (the municipality was unable to maintain fully functional ward committees).

#### 1.4.1 ACCESS TO SERVICES

The functions of the Municipality are set out in Section 156, read together with Schedules 4B and 5B of the Republic of South Africa Constitution Act, Act 108 of 1996. Basic Service delivery focuses primarily on the provision waste collection, roads and storm water.

Water and sanitation service is rendered by uMkhanyakude District municipality and electricity being rendered by Eskom. These services underlie the delivery of housing which is a concurrent Provincial and National Government competency. The Municipality has been providing basic services in accordance with the minimum prescribed levels since its inception.

#### 1.4.2 REFUSE REMOVAL

Majority of the household use their own disposal site for refuse. In 1996 2422 households used their own refuse dump and in 2001, the number increased 3868 and out 7998 in 2011 households 5092 utilise their own refuse. The number of households with access to refuse removal by the municipality has been increasing as follow, in 1996 165 households had access, and in 2001 the number increased to 1062 and further increased to 111972 in 2011. The trend is depicted in the table below

	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Unspecified	Not applicable	Total
<b>The Big 5 Hlabisa Municipality</b>	1473	499	196	4896	795	140	-	-	7998
<b>Ward 1</b>	91	12	6	1713	26	11	-	-	1859
<b>Ward 2</b>	99	10	43	1017	221	38	-	-	1428
<b>Ward 3</b>	1234	472	139	939	129	59	-	-	2972
<b>Ward 4</b>	48	5	8	1227	419	32	-	-	1740
<b>Ward 12</b>									

**Table 20: Refuse Removal**

	Removed (at least once a week)	Removed (less often than once a week)	Communal refuse dump	Communal container/central collection point	Own refuse dump	Dump or leave rubbish anywhere (no rubbish disposal)	Other
DC27: UMkhanyakude	6 023	1 420	2 548	1 448	121 863	13 184	4 760
KZN271: Umhlabuyalingana	140	117	800	66	33 246	4 240	1 004
KZN272: Jozini	2 224	669	692	91	33 081	5 535	2 292
KZN275: Mtubatuba	3 266	364	478	302	36 343	951	88
KZN276: Big 5 Hlabisa	393	269	578	989	19 193	2 458	1 376

**Table 21: Households with access to refuse removal Census 2016**

### **1.4.3 ECONOMIC DEVELOPMENT**

The Big 5 Hlabisa municipality is located in uMkhanyakude district which is one of the poorest and poverty stricken district municipalities in KwaZulu-Natal. In the current year 143 EPWP jobs were created by the 1<sup>st</sup> July 2017.

### **1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW**

Human resource is the Municipality's most valuable resources; without which we would not be able to render services.

#### **MANAGEMENT OVERVIEW**

The Municipal Manager is appointed on a fixed term contract in terms of Section 57 of the Municipal Systems Act 32 of 2000 and the four Directors are appointed on 5 year contracts. Employment contracts and performance agreements are in place except for Chief Finance Officer of which the post is vacant.

#### **WORKFORCE OVERVIEW**

The Municipality's organogram has total number 254 positions with 13 vacant.-

#### **EMPLOYMENT EQUITY**

Our Recruitment policy and Employment Equity Policy considers issues of transformation and will always enhance sound labour relations. The municipality managed to submit the EEP report on the 20<sup>th</sup> of January 2018 to Department of Labour.-

#### **HUMAN RESOURCE POLICIES AND PLANS**

All policies and plans required by legislation are in place and there are a number of other policies in place to maintain harmonious labour relations. The municipality managed to develop, review and adopt 55 HRM policies for 2017/18 financial year.

#### **SKILLS DEVELOPMENT AND TRAINING**

One of our development priorities is development and training of our workforce and a number of 133 staff members was targeted to attend various trainings based on their skills needs. All 133 staff members were able to attend in the 2017/18 financial year. The Workplace Skills Plan was submitted to LGSETA on the 20<sup>th</sup> of April and the municipality manage to receive R 90 000.

## EMPLOYEE EXPENDITURE

The Municipality's employee costs including councillors allowances for the year totalled an amount of **R 65 812 609** for the year. The same legal requirements for budgetary reporting, internal audit, strategic planning, performance management and intergovernmental relations and working groups apply to all municipalities irrespective of their size and this places undue pressure on the size of staff structures.

### 1.6 STATUAL REPORT PROCESS

LEGISLATION	SECTION	MAIN PROVISION
Municipal Systems Act No. 32 of 2000	Section 46: Annual performance reports	<p>1) A municipality must prepare for each financial year a performance report reflecting -</p> <p>(a) the performance of the municipality and of each external service provider during that financial year;</p> <p>(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and</p> <p>(c) Measures taken to improve performance.</p> <p>1) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.</p>
Municipal Finance Management Act No 56 of 2003	Section 121: Preparation and adoption of annual report	<p>1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.</p> <p>2) The purpose of an annual report is-</p> <p>(a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;</p> <p>(b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and</p> <p>(c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.</p> <p>3) The annual report of a municipality must include-</p> <p>(a) the annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);</p> <p>(b) the Auditor-General's audit report in terms of section 126 (3) on those financial statements;</p> <p>(c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;</p> <p>(d) the Auditor-General's audit report in terms of section 45 (b) of the Municipal Systems Act;</p> <p>(e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;</p> <p>(f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;</p> <p>(g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);</p>

LEGISLATION	SECTION	MAIN PROVISION
		<p>(h) any explanations that may be necessary to clarify issues in connection with the financial statements;</p> <p>(i) any information as determined by the municipality;</p> <p>(j) any recommendations of the municipality's audit committee; and</p> <p>(k) any other information as may be prescribed.</p>
Municipal Finance Management Act No 56 of 2003	Section 127: Submission and tabling of annual reports	<p>2) The Mayor must within seven months (by end January) of the financial year, table in the municipal council the annual report of the municipality.</p> <p>3) If the mayor, for whatever reason, is unable to table in council the annual report of the municipality, or the annual report of any municipal entity under the municipality's sole or shared control, within seven months after the end of the financial year to which the report relates, the mayor must:</p> <p>a) Promptly submit to the council a written explanation referred to in section 133(1)(a) setting out the reasons for the delay, together with any components of the annual report listed in section 121(3) or (4) that are ready; and</p> <p>b) Submit to council the outstanding annual report or the outstanding components of the annual report as soon as may be possible.</p> <p>5) Immediately after an annual report is tabled in the council in terms of subsection (2), the accounting officer of the municipality must—</p> <p>(a) in accordance with section 21A of the Municipal Systems Act—</p> <p>(i) make public the annual report; and</p> <p>(ii) invite the local community to submit representations in connection with the annual report; and</p> <p>(b) submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the Province.</p>
	Section 129: Oversight reports on annual reports	<p>1) The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127 adopt an oversight report....</p>

The importance of meeting the annual report deadlines is to ensure that the municipal performance against budget for the year is reported, and account to the community for decisions made by the municipality during the year.

It is also important that the municipality's IDP is aligned with the budget and performance management as these must be flawlessly assimilated. While IDP fulfils the planning stage, performance management fulfils the management of implementation, monitoring and evaluation of IDP.

## CHAPTER 2 - GOVERNANCE



## **GOVERNANCE**

### **COMPONENT A: GOVERNANCE STRUCTURES**

The Big 5 Hlabisa municipality was established in 2016 in terms of the new dispensation it is a category B municipality. The municipality operates within the plenary system and has 13 wards.

Governance comprises of both political and management governance and in addition intergovernmental relation, public participation and accountability. Political structure is responsible for executive and legislative powers and functions in terms of the constitution as well as relevant National and provincial legislations.

### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislation. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it. The overall executive and legislative authority vests in Council. The Council must, therefore take all the major decisions of the municipality.

The Municipal Systems Act, Act 32 of 2000 (Section 2) states that a municipality is constituted by its political structures, municipal administration and its community. Big 5 Hlabisa Municipality is therefore structured as follows:

#### **Political Governance Structures**

- Municipal Council cooperative governance and administration of the affairs of municipality.
- Exco
- Portfolios
- Municipal Public Accounts Committee (MPAC)

#### **The Municipal Administration**

The Administration comprises of the Office of the Municipal Manager and 4 Directorates, however the position of the Chief Financial Officer position is filled.

#### **Community Structures**

- Ward Committees



## POLITICAL GOVERNANCE STRUCTURES

Municipal elections take place every five years, the implication of this is that the composition of all the Municipality's political structures changed immediately prior to the commencement of the financial year.

The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant National and Provincial legislations. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it.

## THE MUNICIPAL COUNCIL

The Big 5 Hlabisa municipality Local Council political consists of 25 councillors of which 13 represent wards and the other 12 were proportionally elected on the basis of the proportion of votes cast for the respective parties.

The overall executive and legislative authority vests in Council. The Council therefore, takes all the major decisions of the municipality. If on any matter there is an equality on votes cast, the Speaker exercise a casting vote in addition to that of him being a Councillor.

The Municipal Structures Act, Act 118 of 1998 (Section 37(c) requires Municipal Councils to meet quarterly. The Big 5 Hlabisa Municipal Council held a total of 10 meetings (Ordinary and special meetings) during the course of the 2018/19 year.

## MAYOR AND COUNCIL COMMITTEE

### Roles and Responsibilities

OFFICE BEARER	FUNCTION
Mayor Cllr VF Hlabisa	<p><i>a) A mayor is entitled to receive reports from committees of the municipal council and to forward these reports together with a recommendation to the council when the matter cannot be disposed of by the mayor in terms of the mayor's delegated powers.</i></p> <p><i>(b) The mayor must—</i></p> <p><i>(1) identify the needs of the municipality;</i></p> <p><i>(2) review and evaluate those needs in order of priority;</i></p> <p><i>(3) recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and</i></p> <p><i>(4) recommend or determine the best way, including partnership and other approaches to deliver those strategies, programmes and services to the maximum benefit of the community.</i></p> <p><i>(c) The mayor in performing the duties of office, must—</i></p> <p><i>(1) identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services referred to in subsection (b)(3) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;</i></p> <p><i>(2) evaluate progress against the key performance indicators;</i></p> <p><i>(3) review the performance of the municipality in order to improve—</i></p> <p><i>(i) the economy, efficiency and effectiveness of the municipality;</i></p> <p><i>(ii) the efficiency of credit control and revenue and debt collection services; and</i></p>

	<p>(iii) the implementation of the municipality's by-laws;</p> <p>(4) monitor the management of the municipality's administration in accordance with the directions of the municipal council;</p> <p>(5) oversee the provision of services to communities in the municipality in a sustainable manner;</p> <p>(6) perform such duties and exercise such powers as the council may delegate to the mayor in terms of section 59 of the Systems Act;</p> <p>(7) annually report on the involvement of communities and community organisations in the affairs of the municipality; and</p> <p>(8) ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.</p> <p>(d) The mayor must perform a ceremonial role as the municipal council may determine.</p> <p>(e) The mayor must report to the municipal council on all decisions taken by the mayor.</p>
Municipal Public Accounts Committee	To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management.

## AUDIT COMMITTEE

The Municipal Finance Management Act, Act 56 of 2003 (MFMA) requires municipalities to have an Audit committee. Sections 166 (1) and (2) sets out the functions of an audit committee;

1) "An audit committee is an independent advisory body which must –

a) Advise the council, political office bearers, the accounting officer and the management staff

of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity on matters relating to –

i. Internal financial controls and internal audits

ii. Risk management

iii. Accounting policies

iv. The adequacy, reliability and accuracy of financial reporting and information

v. Performance management

vi. Effective governance

vii. Compliance with the Act, the annual Division of Revenue Act and any other applicable legislation

viii. Performance evaluation; and

ix. Any other issues referred to it by the municipality or municipal entity

b) Review the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;

c) Respond to council on any issues raised by the Auditor-General in the audit report;

d) Carry out investigations into the financial affairs of the municipality as the council may request;

e) Perform such other functions as may be prescribed";

Section 40 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to establish mechanisms to monitor and review their performance. The Local Government Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001) requires municipalities to establish a performance audit committee for this purpose. The functions of the performance audit committee are as follows:

(i) review the quarterly reports submitted to it by the internal auditors, dealing with quarterly reports, which the internal auditors are required to submit to the municipal manager and the performance audit committee;

(ii) review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and

- (iii) at least twice during a financial year submit an audit report to the municipal council concerned.
- (b) In reviewing the municipality's performance management system in terms of (a)(ii), the performance audit committee must focus on economy, efficiency and effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned.
- (c) A performance audit committee may –
- (i) communicate directly with the council, municipal manager or the internal and external auditors of the municipality concerned;
  - (ii) Access any municipal records containing information that is needed to perform its duties or exercise its powers;
  - (iii) request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
  - (iv) investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.”

Big 5 Hlabisa Municipality has its own Audit Committee, in terms of Section 166(6)(a) of the MFMA. All the members of the Audit Committee and the Performance Audit Committee are as follows. The Audit and Performance Audit Committee meet quarterly on different dates.

#### **AUDIT COMMITTEE COMPOSITION AND ACTIVITIES**

<b>Name of Member</b>	<b>Capacity</b>	<b>Meeting Dates</b>
Dr BV Thabethe	Acting Chairperson	27 August 2018
Ms S Gumbi	Member	29 August 2018
Mr Z Ngcobo	Member	17 September 2018
Mr PEE Mtambo	Member (Resigned in February 2019)	14 December 2018 and 31 March 2019

#### **PERFORMANCE AUDIT COMMITTEE COMPOSITION AND ACTIVITIES**

<b>Name of Member</b>	<b>Capacity</b>	<b>Meeting Dates</b>
Dr BV Thabethe	Chairperson	30 April 2019
Mr JA Mngomezulu	Member	13 August 2018
Cllr HT Nkosi	Member	20 August 2019

## **ADMINISTRATIVE GOVERNANCE**

The Municipal Manager is the Head of the Administration and Accounting Officer of the Municipality, and is primarily responsible for service delivery. The administration comprises the Office of the Municipal Manager and 4 Directorates namely Corporate Services, Technical Services, Community Services and Financial Services Directorate. The Municipal Managers office comprises IDP & PMS Unit and the Head Internal Audit and the Public Participation.

The functions of the Municipality are set out in Section 156, read together with Schedules 4B and 5B of the Republic of South Africa Constitution Act, Act 108 of 1996. Section 84 of the Municipal Structures Act, Act 117 of 1998 regulates the division of these functions between the District and Local Municipality.

The Big 5 Hlabisa municipality administration structure led by the Municipal Manager comprises of five departments		
Directorate	Title, Name and Designation	Functions
Office of Municipal Manager	Dr VJ Mthembu Municipal Manager	<p>The functions and responsibility of the Municipal Manager are contained in Section 55 of the Local Government Municipal Systems Act, Act 32 of 2000:</p> <p><i>“(1) As head of administration the municipal manager of a municipality is, subject to the policy directions of the municipal council, responsible and accountable for:</i></p> <ul style="list-style-type: none"> <li><i>(a) the formation and development of an economical, effective, efficient and accountable administration</i></li> <li><i>(i) equipped to carry out the task of implementing the municipality’s integrated development plan in accordance with Chapter 5:</i> <ul style="list-style-type: none"> <li><i>(ii) operating in accordance with the municipality’s performance management system in accordance with Chapter 6; and</i></li> <li><i>(iii) responsive to the needs of the local community to participate in the affairs of the municipality;</i></li> </ul> </li> <li><i>(b) the management of the municipality’s administration in accordance with this Act and other legislation applicable to the municipality;</i></li> <li><i>(c) the implementation of the municipality’s integrated development plan, and the monitoring of progress with implementation of the plan;</i></li> <li><i>(d) the management of the provision of services to the local community in a sustainable and equitable manner;</i></li> <li><i>(e) the appointment of staff other than those referred to in section 56, subject to the Employment Equity Act, 1998 (Act No. 55 of 1998);</i></li> <li><i>(f) the management, effective utilisation and training of staff</i></li> <li><i>(g) the maintenance of discipline of staff</i></li> <li><i>(h) the promotion of sound labour relations and compliance by the municipality with applicable labour legislation;</i></li> <li><i>(i) advising the political structures and political office bearers of the municipality</i></li> <li><i>(j) managing communications between the municipality’s administration and its political structures and political office bearers;</i></li> <li><i>(k) carrying out the decisions of the political structures and political office bearers of the municipality;</i></li> <li><i>(l) the administration and implementation of the municipality’s by-laws</i></li> </ul>

		<p>and other legislation;</p> <p>(m) the exercise of any powers and the performance of any duties delegated by the municipal council, or sub-delegated by other delegating authorities of the municipality, to the municipal manager in terms of section 59;</p> <p>(n) facilitating participation by the local community in the affairs of the municipality;</p> <p>(o) developing and maintaining a system whereby community satisfaction with municipal services is assessed;</p> <p>(p) the implementation of national and provincial legislation applicable to the municipality; and</p> <p>(q) the performance of any other function that may be assigned by the municipal council.</p> <p>(2) As accounting officer of the municipality the municipal manager is responsible and accountable for—</p> <p>(a) all income and expenditure of the municipality;</p> <p>(b) all assets and the discharge of all liabilities of the municipality; and</p> <p>(c) proper and diligent compliance with applicable municipal finance management legislation”;</p>
<b>Financial Services</b>	<b>Mr JM Nkosi Chief Financial Officer</b>	<p>The Chief Financial Officer is responsible for all financial management and processes in the municipality and includes the following components:</p> <ul style="list-style-type: none"> <li>• Valuation roll</li> <li>• Asset management</li> <li>• Supply chain management and procurement</li> <li>• Financial system development</li> <li>• Statutory reporting</li> <li>• Credit control</li> <li>• Payroll</li> <li>• Budget and Treasury Office</li> <li>• Financial Statements.</li> </ul>

<b>Corporate Services</b>	<b>Mr LM Mthombeni</b> <b>Corporate Service Director</b>	<ul style="list-style-type: none"> <li>• Human resource management</li> <li>• To build a transparent administrative body capable of achieving transparency and integrity whilst addressing employment equity and affirmative action</li> <li>• To promote skills development throughout the administration structure</li> <li>• Information and Communications Technology;</li> <li>• Administration and Auxiliary Services;</li> <li>• Legal Services;</li> </ul>
<b>Community Services</b>	<b>Mr BM Shange</b> <b>Community Services Directorate</b>	<p>Responsible for the operations and performance in the following sections:</p> <ul style="list-style-type: none"> <li>• Facilitate community involvement in terms of consultative processes</li> <li>• Sports &amp; Recreation,</li> <li>• Arts &amp; Culture;</li> <li>• Social and Community Development;</li> <li>• Library Services;</li> <li>• Facility Management.</li> <li>• Traffic Law Enforcement;</li> <li>• Disaster Management</li> </ul>
<b>Technical and Infrastructure Development</b>	<b>Dr VJ Mthembu</b> <b>Acting Director Technical (September 2017 to 30 January 2019)</b>  <b>Mr E Mwanza Acting Director Technical (February 2019 to 30 April 2019)</b>	<p>The Technical Services Directorate is responsible for the following:</p> <ul style="list-style-type: none"> <li>• Construction and maintenance of roads and storm water within the municipality's jurisdiction</li> <li>• Refuse removal, solid waste disposal, landfill sites and street cleaning</li> <li>• Maintenance of Council buildings</li> <li>• Maintenance of municipal parks, public open spaces</li> <li>• Maintenance and expansion of municipal cemeteries.</li> </ul> <p>The Accounting Officer may in terms of S 77 of the MFMA delegate any of the powers or duties assigned to an Accounting Officer:</p> <ul style="list-style-type: none"> <li>• Planning – IDP</li> <li>• Local Economic Development – business plans to secure funding.</li> <li>• Service Delivery – Operational and strategic in terms of planning.</li> <li>• Building control</li> </ul>

## **COMPONENT B: INTERGOVERNMENTAL RELATIONS**

Section 3 of the Municipal Systems Act, Act 32 of 2000 requires municipalities to exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in section 41 of the Constitution.

### **INTERGOVERNMENTAL RELATIONS**

The Municipality strives to participate in as many of the available structures and forums as possible. The Municipality participates in National, Provincial and District Intergovernmental forums and District Mayor's Forum structures.

The Inter-Governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.

Cooperative governance is on the arrangement entered into by spheres of government with the objective of fast tracking service delivery within the Constitutional mandate thereof. The following forums have been established within the province to ensure effectiveness of intergovernmental relations.

- Mayor's forum
- Municipal Manager's Forum
- Chief Financial Officer's Forum
- Technical Support Forum
- Infrastructure Forum
- Planning and Development Forum
- Community & Social Services Forum

The above forums are established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres, hence such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.



## DISTRICT INTERGOVERNMENTAL STRUCTURES

In addressing service delivery issues, the uMkhanyakude District municipality has established a number of forums where the family of municipalities within the district are represented.

These forums provide a platform for engagement on the different service delivery issues and for coordination and monitoring of the effectiveness of these forums.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Constitution (Section 152) sets out the objects of local government, one of which is the provision of democratic and accountable government to local communities. This is reiterated by Section 15 (b) of the Municipal Systems Act which requires a municipality to establish and organise its administration to facilitate and a culture of accountability amongst its staff.

A second constitutional objective is the encouragement of local communities and community organisations in the matters of local government. This is reiterated by the Chapter 4 of the Municipal Systems Act, Act 32 of 2000 which deals exclusively with community participation. A Municipality is required to develop a culture of community participation and develop a system of participatory municipal governance that compliments formal representative governance. The municipality is also required to supply its community with information concerning municipal governance, management and development.

## PUBLIC PARTICIPATION

Public participation is defined as an open, accountable process through which individuals and groups within selected communities can exchange views and influence decision-making. It is further defined as a democratic process of engaging people, deciding, planning, and playing an active part in the development and operation of services that affect their lives. Our primary public participation mechanisms are our Ward Committees and public meetings.

The biggest challenge lies in improving the participation of our community in all aspects of municipal governance. The Municipality is in a process of developing a Communication Policy with a view of accelerating and improving Public Participation.

In terms of chapter 4, section 16 and chapter of the Municipal Systems Act no. 32 of 2000, the municipality is required to involve the community in all municipal affairs. The municipality ensures that its communities are informed; consulted and engaged hence 4 public meetings were held during 2018/2019 financial year.

WARD (Clusters)	DATE	TIME	NO. OF PARTICIPANTS
Ward 01,2,3,4,5	24/10/2018	09h00	200
Ward 6,7,8,9	15/11/2018	09h00	300
Ward 10,11,12,13	04/12/2018	09h00	400

## **PUBLIC MEETINGS**

The municipality utilise the following mechanisms for public participation which are articulated in the IDP Process Plan:

- Media – Radio Slot on Maputaland Radio, Igagasi fm, Zululand Fm
- Publications
- Website – posting of strategic documents in the website in terms of section 75 of the MFMA
- IDP Representative Forum – a forum for all stakeholders to deliberate on development
- Road shows.

The extent to which the community understand the above mentioned issues has not reach a level where the municipality will conclude in saying that public participation is at an adequate level. Some of the communities over a long period engagement with the municipality are beginning to understand some of the development issues, but majority still do not understand.

Public meetings are beneficial to the municipality because of the following:

- Dissemination of information,
- Community participation in the development of municipal plans,
- IDP/Budget inputs,
- Being aware of the concerns of residents,
- Providing clarity on issues and accountability of the municipality to its residents

## WARD COMMITTEES

Ward Committees are statutory committees established in terms of Part 4 of Chapter 4 of the Local Government Municipal Structures Act, Act 117 of 1998. Ward committees play a vital role in bridging the gap between the Community and the Municipality. Ward Committees are not political but are nevertheless elected for a period of five years that runs concurrently with the term of office of the Municipal Council.

The municipality has 13 wards and all have ward committees and the membership is 100%.

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr BN Ngwane	Yes	12	12	4
2	Cllr SS Zondo	Yes	12	12	4
3	Cllr PS Mantengu	Yes	12	12	4
4	Cllr SZ Mthembu	Yes	12	12	4
5	Cllr FZ Nkwanyana	Yes	12	12	4
6	Cllr BL Mafuleka	Yes	12	12	4
7	Cllr PV Gumede	Yes	12	12	4
8	Cllr NH Nxumalo	Yes	12	12	4
9	Cllr MO Ntombela	Yes	12	12	4
10	Cllr BW Manqele	Yes	12	12	4
11	Cllr MR Mthembu	Yes	12	12	4
12	Cllr TM Khumalo	Yes	12	12	4
13	Mr GR Mchunu	Yes	12	12	4

## IDP PARTICIPATION AND ALIGNMENT

The following table provides an overview of the alignment of our IDP to the criteria as set out in Section 26 of the Municipal Systems Act.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

## COMPONENT D: CORPORATE GOVERNANCE

Corporate Governance is the set of processes, practices, policies, laws and relationships affecting the Manner in which an institution is directed, administered or controlled.

### AUDIT UNIT

The Municipality has the Internal Audit Unit as required by Section 165(1) of the MFMA and an Internal Auditor who reports to the Municipal Manager, however this unit is outsourced to Ntshidi & Associates. Section 165 (2) of the MFMA requires the Internal Auditor to;

- a) *prepare a risk-based audit plan and an internal audit program for each financial year;*
- b) *advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—*
  - i. *internal audit;*
  - ii. *internal controls;*
  - iii. *accounting procedures and practices;*
  - iv. *risk and risk management;*
  - v. *performance management;*
  - vi. *loss control; and*
- c) *perform such other duties as may be assigned to it by the accounting officer”.*

The Internal Auditor drives the Risk Committee, Audit Committee, and Performance Committee as well as Anti-corruption, The Fraud and Ethics Committee oversee and monitor clean corporate governance.

## RISK MANAGEMENT

Section 62(i) (c) of MFMA requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

Risks are identified during the annual strategic planning session of the Council and Senior Management, Committee Meetings. Risks are populated in a template to indicate the risk level. Risks are also monitored electronically. The management of risks is allocated to Senior managers.

1. **Environmental Risks: Non** implementation of Land Use Management System. This is due to lack of funds; community resistance to change; land being privately owned and lack of capacity.

2. **Environmental Risks:** Inability to collect and dispose waste timeously; Lack of capacity. Lack of registered waste management site. Lack of integrated Waste Management Plan.

3. **Financial Management: Revenue Enhancement:** Inability to collect Municipal revenue; lack of capacity; low revenue base and high level of indigent community.

4. **Financial Management:** Supply Chain Management Ineffective implementation of Supply Chain Management processes due to lack of effective internal controls, abuse of emergency purchases, Interference in Supply Chain Management processes and absence of a Procurement Plan.

5. **Economic Development Inability** to attract and retain investments and tourism due to lack of an updated Local Economic Development Strategy, lack of an updated Tourism Strategy, failure by the District Municipality to extend water and sanitation infrastructure and high crime rate.

## **ANTI-CORRUPTION AND FRAUD**

Fraud prevention can be seen as the cumulative effect of both prevention and detection systems incorporated by management. The detection of fraud can only lead to the prevention thereof response thereto acts as a deterrent.

An Anti-fraud and Corruption Policy was reviewed, adopted and approved by Council in May 2018. The municipality is committed to communicate the Strategy with its citizens in order to promote awareness of its stance and approach.

Quarterly meetings of the Provincial Treasury Risk Forum are also attended to update them on the fraud, corruption and risk processes in the Municipality. The Municipality has an active Audit Committee. The meetings of the Audit Committee are attended by Senior Management and Council. The Committee is a statutory committee and functions in accordance with Section 166 of the Municipal Finance Management Act 56 of 2003.

## **SUPPLY CHAIN MANAGEMENT**

The Municipality has a Supply Chain Management (SCM) Policy in place which complies with National Treasury guidelines. The policy outlines the processes to be followed when procuring any goods or services.

The following must still be implemented to attain the standards set out in Section 112 of the MFMA;

- (I) Demand management has not been institutionalized and the function is not staffed.
- (ii) Rotation of service providers not adhered to;
- (iii) Bid Committees secretariat not located within the system;
- (iv) Preferential procurement from previously disadvantaged individuals relies on procurement points allocation for all service providers
- (v) Risk and performance components of procurement strategies of the institution not functional;
- (vi) The section has not been budgeted and therefore staffed, and has not been factored into the strategic function of the supply chain system of the institution
- (vii) The disposal section or component of the section is not functional;

The above analysis gives an ideal situation which will allow the output and outcomes of the Supply Chain System of the municipality to be realized as derived from the applicable legislations and policy.

## **BY- LAWS**

Municipal By-laws are public regulatory laws which apply in the Municipal Area. Section 11(3) (m) of the Local Government Municipal Systems Act, Act 32 of 2000 empowers the Municipal Council with the legislative authority to pass and enforce

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Municipal By-laws. A Municipal Council may only pass By-laws on matters falling within its functional mandate. By-laws are superseded by Provincial and National legislation as well as the Constitution.

The main difference between a By-law and a law passed by National and Provincial Government is that a By-law is made by a non-sovereign body, which derives its authority from another governing body, and which can only be made in respect of specific matters within a specific geographic area. It is therefore a form of delegated legislation.

The status of a Municipal By-law is no different than to the status of any other law of the land.

Municipal by-laws are enforceable through the public justice system, penalties can be imposed and offenders can be charged with a criminal offence for breach of a by-law.

Big 5 Hlabisa Municipality has adopted the following bylaws; however, they were not gazetted:

- Credit Control and Debt Collection
- Street Trading
- Roads bylaws

## **WEBSITE**

The Local Government Municipal Systems Act, Act 32 of 2000 (Section 21(B)) requires the Municipality to establish an official website. Big Five Hlabisa Municipality's official website is; [www.big5hlabisa.gov.za](http://www.big5hlabisa.gov.za)

The Municipality is required to place all information that must be made public in terms of the Municipal Systems Act, Act 32 of 2000 and the Municipal Finance Management Act, Act 56 of 2003 (MFMA) on this Website. Section 75 of the MFMA specifies that the following documents must be placed on the Website;

<b>Municipal Website: Content and Currency of Material</b>		
<b>Documents published on the Municipality's / Entity's Website</b>	<b>Yes / No</b>	<b>Publishing Date</b>
Current annual and adjustments budgets and all budget-related documents	Yes	Immediately after budget approval
All current budget-related policies	Yes	Immediately after budget approval
The previous annual report (Year -1)	Yes	
The annual report (Year 0) published/to be published	Yes	To be confirmed
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	July
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	N/A	
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	As and when the need arises
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	N/A	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	Yes	As and when the need arises
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	Quarterly





## CHAPTER 3 – SERVICE DELIVERY PERFORMANCE



## **SERVICE DELIVERY**

### **INTRODUCTION TO SERVICE DELIVERY**

This Chapter highlights the service delivery performance of the Municipality for the 2017/18 financial year, and includes basic service delivery, roads and storm water, planning and development, community services, environmental protection, safety and security, sport and recreation and corporate services.

The Chapter concludes with the Municipality's Annual Performance Report which was compiled in terms of Section 46 of the Municipal Systems Act, Act 32 of 2000. It sets out the Key Performance Indicators (KPI), targets and actual performance of the Municipality in relation to the Key Performance Areas (KPA) of local government and the strategic objectives of the Municipality as set out in the Integrated Development Plan (IDP).

The Big 5 Hlabisa local municipality is responsible for the provision of basic services in terms of the Powers and Functions allocated to different categories of municipalities.

### **COMPONENT A: BASIC SERVICES**

#### **3.1 INTRODUCTION TO BASIC SERVICES**

Basic services are a package of services necessary for human well-being and typically include water, sanitation, and electricity and refuse removal. This section of the Annual Report will also deal with human settlement (housing) which differs from the aforementioned services in that it is a Provincial competence. It is included as there is a direct correlation between the provision of basic services and housing.

Basic services to households are defined as an electricity connection at the dwelling, a public standpipe for water within 200m of the dwelling, and a ventilated pit latrine (VIP) for sanitation. National policy also requires that poor households should receive 50kWh of free basic electricity, 6 kl of free basic water and free weekly refuse removal. The Municipality has been providing basic services in accordance with these minimum prescribed levels.

Issues of sustainable infrastructure have been addressed and more interventions are in progress. Municipal Infrastructure Grant funded projects which were completed during the financial year were:

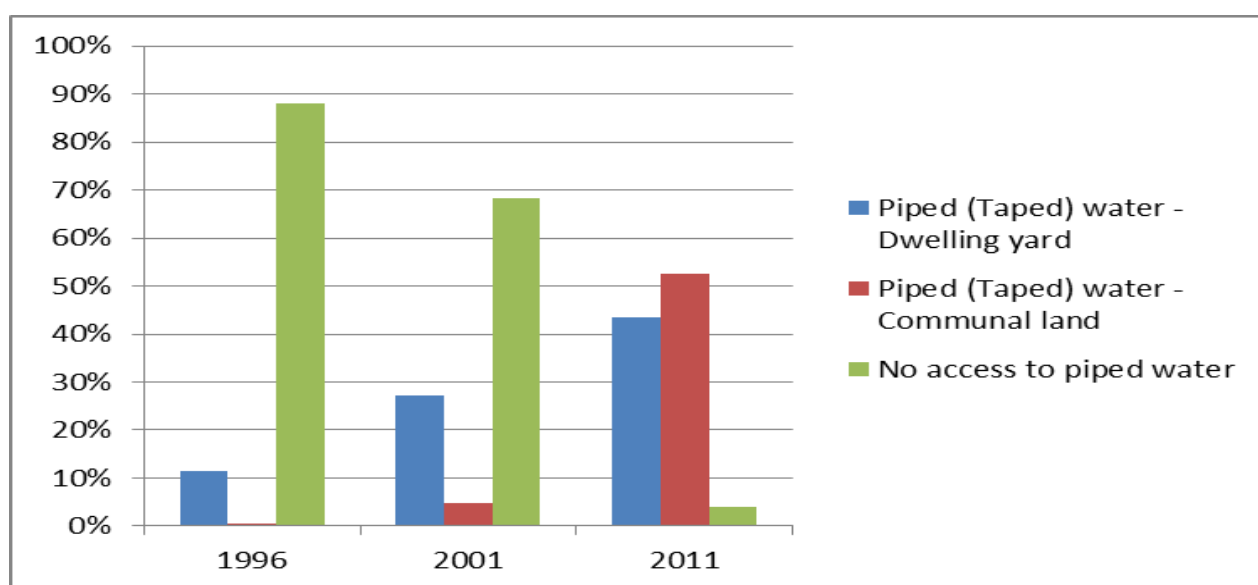
- Phumlani Road
- Madondo Community Hall
- Manqoba Community Hall
- Nkositini Road

The following projects are in progress:

- Zibayeni Sportfield
- Jabhisa Upgrade
- Osakwini Gravel Road

### 3.1.1 WATER PROVISION

The Municipality is not a Water Services Provider in terms of the Water Services Act, Act 108 of 1997, hence the service is rendered by UMkhanyakude District municipality.



From the above graph, there has been some improvement in the supply of piped water, albeit very limited, i.e. from 31.6% to 38.3%. This obviously implies that in 2007, 61.7% of households in the Municipality still had no access to piped water.

### **3.1.2 ELECTRICITY**

The Municipality is responsible for the distribution of electricity however Eskom is the service provider of electricity within the Big 5 Hlabisa municipality since they are the holders of electricity supply license. The Municipality is providing the use of alternative energy sources at this stage. This include the provision of free basic electricity to the indigent households who qualify for free 50kwh.

Eskom supply electricity to Hlabisa & Hluhluwe town and to the Big 5 Hlabisa Municipality surrounding commercial farmlands. There have been deficiencies in the electrification grid in the deep tribal authority areas. Identified nodal areas are however relatively well served with electricity. According to the census 2001 only 40% of the total number of households has access to electricity for lighting. This translates to a 40% backlog in terms of electricity provision.

### **3.2 WASTE MANAGEMENT (INCLUDING REFUSE COLLECTION, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)**

#### **INTRODUCTION TO WASTE MANAGEMENT**

This service is outsourced due to waste management unit is not yet established in Hluhluwe town but in Hlabisa town the municipality is doing it in-house.

Majority of the household use their own disposal site for refuse. In 1996 2422 households used their own refuse dump and in 2001, the number increased 3868 and out 7998 in 2011 households 5092 utilise their own refuse. The number of households with access to refuse removal by the municipality has been increasing as follow, in 1996 165 households had access, and in 2001 the number increased to 1062 and further increased to 11972 in 2011. The trend is depicted in the table below.

	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other	Unspecified	Not applicable	Total
<b>The Big 5 Hlabisa Municipality</b>	1473	499	196	4896	795	140	-	-	7998
<b>Ward 1</b>	91	12	6	1713	26	11	-	-	1859
<b>Ward 2</b>	99	10	43	1017	221	38	-	-	1428
<b>Ward 3</b>	1234	472	139	939	129	59	-	-	2972
<b>Ward 4</b>	48	5	8	1227	419	32	-	-	1740
<b>Ward 12</b>									

**Table 29: Households with access to refuse removal Census 2011**

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018/19

Municipality	Refuse removal						
	Removed (at least once a week)	Removed (less often than once a week)	Communal refuse dump	Communal container/central collection point	Own refuse dump	Dump or leave rubbish anywhere (no rubbish disposal)	Other
DC27: UMkhanyakude	6 023	1 420	2 548	1 448	121 863	13 184	4 760
KZN271: Umhlabyalingana	140	117	800	66	33 246	4 240	1 004
KZN272: Jozini	2 224	669	692	91	33 081	5 535	2 292
KZN275: Mtubatuba	3 266	364	478	302	36 343	951	88
KZN276: Big 5 Hlabisa	393	269	578	989	19 193	2 458	1 376

**Table 29: Households with access to refuse removal Census 2016**

There is no refuse removal system in the rural areas; communities there use their own dumping spots, i.e. dump excavated within the household yard. While accurate figures are not known; there isn't much waste generated in the rural areas of the municipality.

### 3.3 HOUSING

#### INTRODUCTION TO HOUSING

Housing is a concurrent National and Provincial competency in terms Part A of Schedule 4, of the Constitution. Section 10 of the Housing Act, Act 107 of 1997, sets out the responsibilities of municipalities in relation to the provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complicated function that relies on high levels of cooperation between the municipalities and the Provincial and National Departments responsible for Housing.

##### 3.3.1 Housing service

In each of the six traditional authority areas, the municipality has identified a need for rural housing development which is in progress. Communities have been provided with access to housing and the current and future projects are underway. Department of Human settlements is in the process of initiating rural housing projects. The projects are as follows:

#### Projects under construction

- Mmqobokazi

- Makhasa

**Planning Stage**

- Ward 5
- Ward 6

**3.4 FREE BASIC SERVICES AND INDIGENT SUPPORT**

The Municipality is required to use its equitable share which it receives from national government in terms of the Division of Revenue Act (DORA) for the provision of basic services to its community. Basic services are a package of services necessary for human well-being and typically include water, sanitation, electricity and waste management. National policy also requires that poor households should receive 50kWh of free basic electricity, 6kl of free basic water and free weekly refuse removal. The Municipality has an indigent policy which it reviews each year with the budget and maintains an indigent register.

The Municipality provides free basic services to all indigent households. Indigent households are defined as households where the joint income does not exceed (R3 000.00 per month). The average number of households provided with free basic electricity for 2018/19 were 700.

INDIGENT AND FREE BASIC SERVICES	PER HOUSEHOLD	AMOUNT PER YEAR
Free basic electricity per month	R 46.54	R 451 988.34

Number of new Households with electricity connection by 30 June 2019 is 167. Number of existing households with excess to refuse removal by 30 June 2019 is 985

**COMPONENT B: ROAD TRANSPORT****3.5 ROADS AND TRANSPORT**

This service is rendered by the municipality through the appointment of service providers. The Municipality has a short supply of good all weather roads. This restricts the provision of some services such as waste removal. In addition, access to economic opportunities is also limited. The main problem in Big 5 Hlabisa is the lack of access experienced by rural communities as rural roads are not in a good condition. The municipality solely rely on the Municipal Infrastructure transfers to fund all infrastructure related projects. In 2018/19 financial year the municipality completed the maintenance of Ward 08 Access road, Ward 05 (2.5 km).

### **3.6 STORMWATER DRAINAGE**

The objectives of the Roads and Storm Water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects.

## **COMPONENT C: PLANNING AND DEVELOPMENT**

The Planning and Development department specialises on ensuring that all plans submitted are approved in terms of the standards. While local economic development promotes investments within the municipality.

### **3.7 PLANNING**

#### **INTRODUCTION TO PLANNING**

Planning is shared services which include all the local municipalities within the district of uMkhanyakude.

### **3.8 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)**

#### **INTRODUCTION TO ECONOMIC DEVELOPMENT**

While Big 5 Hlabisa municipality is known as a tourism destination due to the most popular Hluhluwe Game Reserve, the socio-economic ills have persisted throughout the years and the local economy has failed to absorb the local labour force and minimize poverty levels.

Tourism and agriculture is a dominant economic activity in the municipality. There is commercial farming and provide employment to the community, there is also service and retail industry in town.

Mining has been identified as a major economic driver in Hluhluwe and Hlabisa but there is an existing quarry in ward 5 and the registration and mining permit will be liaised with Department of Minerals & Energy.

#### **LOCAL JOB OPPORTUNITIES**

The primary role of local government is to create a climate that is conducive to local economic development. The Municipality does however seek to create work opportunities wherever it can. One such programme is the Expanded Public Works Programme (EPWP) which is a government programme aimed at the alleviation of poverty and unemployment. The programme aims to increase economic growth by improving skills levels through education and

training. It also aims to provide an enabling environment for industry to flourish. Number of EPWP jobs created by 30 June 2019 is 151

### **LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:**

The local economic development reflects a slight improvement even though the level of unemployment is still high. In order to maximise the benefits that Big 5 Hlabisa Municipality can derive from agriculture and tourism, focus has been placed on areas that provide the most potential.

## **COMPONENT D: COMMUNITY & SOCIAL SERVICES**

### **INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES**

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

### **3.9 LIBRARIES; ARCHIVES; MUSEUM; GALLERIES; COMMUNITY FACILITIES**

#### **LIBRARIES**

Libraries are the functional mandate of the Department of Culture, Art and Sport (KwaZulu Natal Library Services) and the Municipality manages three libraries on their behalf. Libraries are the responsibility of the Community Services Directorate.

### **OVERALL PERFORMANCE**

- To provide accelerated, effective, efficient, quality social development services for the community of Big 5 Hlabisa municipality through sport, recreation, arts and culture and library and information programs. Check if there were any events hosted by Library services
- To ensure the community have access to information as prescribed by the South African Constitution.
- Promote employment equity and skills development, therefore effecting efficiency and effectiveness to clientele.



## **COMMUNITY FACILITIES – MUNICIPALITY BUILDINGS AND FACILITIES**

Community facilities are a shared responsibility between the Administrative Services Directorate (administration) and the Technical Services Directorate (maintenance). Community facilities include the following:

- Municipal Offices in all towns
- Community Halls in town and wards
- Trading Facilities
- Public ablution facilities

## **COMPONENT E: SPORTS AND RECREATION**

### **3.10 SPORTS AND RECREATIONS**

This part includes community parks, sport fields and swimming pools, sport development and recreation resorts. Community parks, sport fields (maintenance) are the responsibility of the Technical Services Directorate and sport development and recreation resorts are the responsibility of the Community Services Directorate.

Mayoral and indigenous games normally take place within the municipality which includes soccer, rugby, volley ball, ladies soccer, netball, umlabalaba and induku.

## **COMPONENT OF CORPORATE POLICY OFFICES AND OTHER SERVICES**

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

### **3.11 EXECUTIVE AND COUNCIL**

#### **INTRODUCTION**

The Executive and Council comprises the Municipal Council and its support staff as well as the Office of the Municipal Manager which includes the Strategic Services Department and Internal Audit Unit.

Purposeful savings were made as part of a general cost saving initiative to counteract the Municipality's reduction in cash flow. There was no capital expenditure for the Council and Executive. Councillor remuneration totalled R 6 926 000 for the financial year.

### **3.12 FINANCIAL SERVICES**

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management and Supply Chain Management. The Department is also responsible for the Valuation Roll. The Municipality's debt recovery rate is 70% for the 2018/19 year. The activities of this section are detailed under Financial Performance (Chapter 5).

### **3.13 HUMAN RESOURCES SERVICES**

#### **INTRODUCTION TO HUMAN RESOURCE SERVICES**

Human Resource Services is responsible for human resource management, labour relations, training and development and occupational health and safety. The Human Resource Department is under the directorate of Corporate Services. The Local Labour Forum is a consultative platform for the discussion of staff matters of the Municipality.



## CHAPTER 4- ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### ANNUAL PERFORMANCE ASSESSMENT

#### ASSESSMENT OF EXTERNAL SERVICE PROVIDERS TEMPLATE IN TERMS OF SECTION 46 OF THE MUNICIPAL SYSTEMS ACT 32 OF 2000

##### DEPARTMENT: FINANCIAL SERVICES

	ASSESSMENT KEY
Good (G)	The service has been provided at an acceptable standards and within the time frames stipulated on the SLA/ Contract
Satisfactory(S)	The service has been provided at acceptable standards and outside of the time frames stipulated in the SLA/ Contract
Poor (P)	The services has been provided below acceptable standards

External Service Provider	DESCRIPTION OF GOODS/SERVICES/PROJECTS	Performance Target/Time Frames	Assessment of Service Performance 2017/18	PoE and Corrective measure in case of in due performance	Assessment of service providers performance 2018/2019	Assessment Period Q4	CONTRACT VALUE AS PER CONTRACT
CAMELSA CONSULTING SERVICES	FINANCIAL MANAGEMENT SYSTEM	Quarterly	Good		Good	Good	R1 008 000.00
ISALULEKO PROJECT MANAGERS	ENGINEERING CONSULTING SERVICES	Quarterly	Good		Good	Good	5%
VODACOM	CELL PHONE CONTRACTS	Quarterly	Good		Good	Good	R 782 807.14
SAGE VIP	SAGE VIP SYSTEM (PAYROLL)	Quarterly	Good		Good	Good	R 898 175.00
NDLALA MASS VALUATORS	GENERAL VALUATION AND IMPLEMENTATION	Quarterly	Fair		Fair	Fair	R 393 300.00
SIBGEM ENGINEERING MANAGEMENT CONSULTANTS	ENGINEERING CONSULTING SERVICES	Quarterly	Fair		Fair	Fair	R 9 224 669.93
ZIPHUMULELE TRADING	CONSTRUCTION OF KWAMDUKU TAXI RANK AND ABLUTION FACILITY	Quarterly	Good		Good	Good	R 6 856 981.00
IBHELE NABANGANE	CONSULTING ENGINEERING SERVICES FOR WARD 2 ACCESS ROAD & PHUMLANI TOWNSHIPROAD PHASE 2	Quarterly	Good		Good	Good	R 2 261 834.13
INDWE RISK	SHORT TERM INSURANCE	Quarterly	Good		Good	Good	R 366 782.00
GEORGE ZAMA ZAMA ROOFING MAINTENANCE	THE CONSTRUCTION OF HLUHLUWE COMMUNITY HALL	Quarterly	Good		Good	Good	R 1 863 629.28
UMBELE4 TRADING & CONSTRUCTION CC	THE CONSTRUCTION OF KWASMOLO MARKET STORES	Quarterly	Good		Fair	Fair	R 1 135 731.92
ISIDINGO TRADING (PTY) LIMITED	THE CONSTRUCTION OF HLABISA TOWN MARKET SHELTER	Quarterly	Good		Good	Good	R 3 275 616.30

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

ASANDE PROJECTS CONSULTING & ENGINEERING	THE CONSTRUCTION OF KWASMOLO MARKET STORES	Quarterly	Good		Fair	Fair	R 113 573.19
M & C CONSULTING ENGINEERS (PTY) LTD	PANEL OF CIVIL ENGINEERING AND PROJECT MANAGERS	Quarterly	Good		Good	Good	14%
SAKHISIZWE TECHNOLOGIES (PTY) LTD	THE PROVISION OF INFORMATION TECHNOLOGY SUPPORT	Quarterly	Good		Good	Good	R 2 285 813.72
TELKOM	THE PROVISION OF ELECTRONIC COMMUNICATION SERVICES	Quarterly	Good		Good	Good	R
CAMELSA CONSULTING GROUP (PTY) LTD	FINANCIAL MANAGEMENT SYSTEM	Quarterly	Good		Good	Good	R 1 354 320.00
M & C CONSULTING ENGINEERS	THE CONSTRUCTION OF MADONDO COMMUNITY HALL	Quarterly	Good		Good	Good	R 387 051.42
IBHELE NABANGANI CONSULTING ENGINEERS	THE CONSTRUCTION OF MANQOBA COMMUNITY HALL	Quarterly	Good		Good	Good	R 416 559.99
DOCTOR MATATAZELA CONSTRUCTION SERVICES	THE CONSTRUCTION OF MADONDO COMMUNITY HALL	Quarterly	Good		Good	Good	R 3 225 428.50
V BHENGU CONSTRUCTION	THE UPGRADE OF JABHISA SPORTS FIELD	Quarterly	Fair		Fair	Fair	R 1 610 000.00
MSENGE PROTECTION SERVICES	PROVISION OF SECURITY SERVICES	Quarterly	Good		Good	Good	R 10 108 141.20
MGADLA CONSTRUCTION	THE CONSTRUCTION OF MANQOBA COMMUNITY HALL	Quarterly	Good		Good	Good	R 2 975 428.50
SELE AND MUSA TRADING AND TOURS	THE CONSTRUCTION OF WARD 5 PHUMULANI ACCESS ROAD	Quarterly	Fair		Fair	Fair	R 8 000 000.00
CAMELSA CONSULTING GROUP (PTY)LTD CCG SYSTEM	FINANCIAL MANAGEMENT SYSTEM	Quarterly	Good		Good	Good	R 5 748 852.00

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NTSHIDI AND ASSOCIATES	INTERNAL AUDIT SERVICES FOR A PERIOD OF THREE YEARS	Quarterly	Good		Good	Good	R 4 800 000.00
AS AND T PROTECTION SERVICES CC	PROVISION OF SECURITY SERVICES	Quarterly	Fair		Fair	Fair	R 8 619 887.76
INFINITY ALLIANCE (PTY) LTD JV	PROVISION OF ELECTRICAL ENGINEERING THROUGH TURNKEY CONTRACT STRATEGY FOR THE RURAL ELECTRIFICATION PROJECTS WITHIN THE BIG 5 HLABISA MUNICIPALITY.	Quarterly	NA		Fair	Fair	R 16 000 000.00
IZINGALABEZI CONSULTING ENGINEERS	THE CONSTRUCTION OF NKOSITINI GRAVEL ROAD	Quarterly	NA		Good	Good	14%
NFM MULTI CONSULTING ENGINEERS	HLABISA TOWN REFERBISHMENT	Quarterly	NA		Good	Good	14%
JAMJO CIVILS	THE CONSTRUCTION OF NIBELA SPORTS FIELD	Quarterly	Good		Good	Good	R 3 901 513.77
PHUMGWENYA TRADING CC	REPAIR AND MAINTENANCE OF MUNICIPAL BOREHOLE	Quarterly	NA		Good	Good	R720 000.00
IBHELE NABANGANI CONSULTING ENGINEERS	THE CONSTRUCTION OF PHUMLANI ACCESS ROADS	Quarterly	Good		Good	Good	R 1 120 000.00
AYANDA MBANGA COMMUNICATIONS	THE PROVISION FOR ADVERTISING AGENCY	Quarterly	NA		Good	Good	Varies
TRAVEL WITH FLAIR (PTY) LTD	THE PROVISION OF THE TRAVELLING AGENCY SERVICES	Quarterly	NA		Good	Good	Varies
INKAZIMULO BUSINESS AND ADVISORY SERVICES	COMPILATION OF ANNUAL FINANCIAL STATEMENT AND UPDATING FIXED ASSETS REGISTER	Quarterly	NA		Good	Good	R 589 587.64

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MAS CORPORATION (PTY) LTD	SUPPLY AND DELIVERY OF DOUBLE CAB 4X4 RAIDER BAKKIE	Quarterly	NA		Good	Good	R 589 143.50
NDLALA MASS VALUATION SERVICES PTY LTD	GENERAL VALUATION AND PREPARATION OF THE VALUATION ROLL FOR IMPLEMENTATION AND PREPARATION AND UPDATING OF VALUATION ROLLS	Quarterly	Good		Good	Good	R 1 191 748.00
RIVER QUEEN TRADING 681 CC T/A ISIDINGO TRADING	THE CONSTRUCTION OF NKOSITINI GRAVEL ACCESS ROAD	Quarterly	NA		Good	Good	R 1 944 370.39
MK NJABS TRADING	THE CONSTRUCTION OF OSAKWINI ROAD AND CAUSEWAY	Quarterly	NA		Fair	Fair	R 2 524 050.80
MABUNE CONSULTING CC	DEVELOPING A LAND USE MANAGEMENT SCHEM(LUMS)	Quarterly	NA		Fair	Fair	R 649 800.00
INKAZIMULO BUSINESS AND ADVISORY SERVICES	REVIEW OF THE GENERAL LEDGER, PREPARATION OF ANNUAL FINANCIAL STATEMENT AND UPDATING THE GRAP COMPLIANT FAR	Quarterly	NA		Good	Good	R 1 991 583.93
THELBRIDGE ENTERPRISE (PTY) LTD	HLABISA TOWN REFURNISHMENT OF ABLUTION FACILITY AND UPGRADE OF WATER SUPPLY AT HLABISA TAXI RANK	Quarterly	NA		Good	Good	R 1 964 098.10



## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### INTRODUCTION TO MUNICIPAL PERSONNEL

The Municipal Manager and four Directors are appointed on a fixed term contract in terms of Section 57 of the Municipal Systems Act 32 of 2000. The municipality has not been able to fill critical position of the CFO but, progress has been made.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

##### Management Team

POSITION	FILLED	EMPLOYMENT CONTRACTS IN PLACE AS AT 01 July 2018	PERFORMANCE CONTRACT IN PLACE BY 01 July 2018
Municipal Manager	Yes	Yes (Fixed term contract)	Yes
Chief Financial Officer	Yes	Yes	Yes
Director Corporate Services	Yes	Yes	Yes
Directorate Community Services	Yes	Yes	Yes
Director: Technical Services	No	No	No

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### Turnover rate

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2014/2015	22	3	
2015/2016	06	0	
2016/2017	30	10	
2017/2018	12	13	

### COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

#### 4.2 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Section 67 of the Local Government Municipal Systems Act, Act 32 of 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act, Act 55 of 1998.

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### HUMAN RESOURCE POLICIES AND PLANS

There are a number of policies and plans in place to regulate personnel matters. Some matters are regulated in terms of collective agreements and legislation. The following Human Resource Policies and plans are in place:

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	100%	Yes
2	Attraction and Retention	100%	100%	Yes
3	Code of Conduct for employees	100%	100%	Yes
4	Delegations, Authorisation & Responsibility	100%	100%	Yes
5	Disciplinary Code and Procedures	100%	100%	Yes
6	Essential Services	0%	0%	No
7	Employee Assistance / Wellness	100%	100%	Yes
8	Employment Equity	100%	100%	Yes
9	Exit Management	100%	100%	Yes
10	Grievance Procedures	100%	100%	Yes
11	HIV/Aids	100%	100%	Yes
12	Human Resource and Development	100%	100%	Yes
13	Information Technology	100%	100%	Yes
14	Job Evaluation	0%	0%	No
15	Leave	100%	100%	Yes
16	Occupational Health and Safety	100%	100%	Yes
17	Official Housing	0%	0%	No
18	Official Journeys	100%	100%	Yes
19	Official transport to attend Funerals	0%	0%	No
20	Official Working Hours and Overtime	100%	100%	Yes
21	Organisational Rights	0%	0%	No
22	Payroll Deductions	0%	0%	No
23	Performance Management and Development	100%	100%	Yes

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24	Recruitment, Selection and Appointments	100%		
25	Remuneration Scales and Allowances	0%	0%	No
26	Resettlement	0%	0%	No
27	Sexual Harassment	100%	100%	Yes
28	Skills Development	100%	100%	Yes
29	Smoking	100%	100%	Yes
30	Special Skills	0%	0%	No
31	Work Organisation	0%	0%	No
32	Uniforms and Protective Clothing	100%	100%	Yes
33	S&T Policy	100%	100%	Yes

### COMPONENT C CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the Local Government Municipal Systems Act, Act 32 of 2000 requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. The Human Resources personnel deals with matters concerning the training of the staff of the Municipality.

#### 4.3 SKILLS DEVELOPMENT AND TRAINING

One of our development priorities is the development of our work force. This section contains an overview of skills development that took place on each level of the organisation and progress in terms of the Minimum Municipal Competency Regulations (2007).

### COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

Section 66 of the Local Government Municipal Financial Management Act 56 Of 2003, states that the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure.

#### **4.4 EMPLOYEE EXPENDITURE**

The Municipality's employee costs for the year totalled an amount of R 74 891 321 for the year. This constitutes 52.8% of the total operational expenditure in 2018/19. The percentage personnel expenditure to total expenditure is higher for small municipalities as the same legal requirements for budgetary reporting, internal audit, strategic planning, performance management and intergovernmental relations and working groups apply to all municipalities irrespective of their size.

#### **4.5 DISCLOSURES OF FINANCIAL INTERESTS**

All Councillors and senior management have declared financial interest. Refer to disclosures made by officials and councillors as set out in **Appendix J**.



## **CHAPTER 5- FINANCIAL PERFORMANCE**

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019



Attached

**COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE**

**5.1 STATEMENTS OF FINANCIAL PERFORMANCE**

- Check AFS



## CHAPTER 6- AUDITOR GENERAL

### AUDIT FINDINGS

Attached.



## 6.2 AUDIT ACTION PLAN 2017/18 FINANCIAL YEAR

BIG 5 HLABISA LOCAL MUNICIPALITY

AUDITOR-GENERAL ACTION PLAN

Type of Opinion Current Year : Qualified audit opinion

Type of Opinion Previous Year : Unqualified audit opinion



Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
VALUE ADDED TAX	The municipality did not record value added tax as required by the VAT act of South Africa, 1991 (Act no.89 of 1991). Additionally, I was unable to obtain sufficient appropriate evidence for adjustments made to VAT payable due to the status of accounting records and I could not confirm this by alternative means. Consequently, I unable to determine the full extent of the misstatement on VAT payable stated at R684 840 in the financial statements.	<u>Audit action</u>	<u>Audit action</u>  Both VAT Recons and draft AFS has been reviewed by Internal auditors

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
			<u>Responsible Official</u>  CFO  <u>Target Date</u>  <u>30 June 2019</u>
<b>MATERIAL UNCERTAINTY RELATING TO GOING CONCERN</b>	As disclosed in note 35 to the financial statements the municipality's current liabilities and exceeds current assets by R5,69 million. These conditions, along with other matters as set forth in note 35 to the financial statements, indicate the existence of uncertainty that may cast significant doubt on municipality's to operate as a going concern	<u>Audit action</u>	<u>Audit action plan</u>  <u>In-progress</u> <u>Responsible Official</u> <u>MM/CFO</u>  <u>Target Date</u> <u>30 June 2019</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
IMPAIRMENT OF TRADE DEBTORS	As disclosed in note 27 to the financial statements, the municipality recognised a provision for bad debts of R2,34 million; 2017 (R9,50 million) on trade debtors, as the recoverability of these amounts was doubtful	<u>Audit action</u>	<u>Action plan/ audit response</u>  <u>Data cleansing will be performed internally and then the debt collector will be appointed to increase our collection</u>  <u>Responsible Official</u> <u>CFO</u>  <u>Target date</u> 30 June 2019
PROMOTE POVERTY ALLEVIATION TO ALL WARDS	I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of 13 poverty alleviation projects by 30 June 2018. This was due to lack of	<u>Action planned/Audit response</u>	<u>Action planned/ Audit response</u>  <u>SDBIP has been reviewed</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
	technical indicator descriptions and proper performance management system and processes and formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of zero poverty alleviation projects as reported in the annual performance report		<u>Responsible Official</u> Manager PMS/IDP  <u>Target date</u> 30 June 2019
ISSUING OF BUSINESS LICENCES BY 30 JUNE 2018	The achievement for business licences issued reported in the annual performance report was 26 business licences issued. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 32 business licences issued.	<u>Action planned/Audit response</u>	<u>Action Plan</u>  <u>SDBIP has been reviewed</u>  <u>Responsible Official</u> Manager PMS/IDP  <u>Target date</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
NUMBER OF CO-OPERATIVES ESTABLISHED AND REGISTERED BY 30 JUNE 2018	The reported achievement for co-operatives established and registered by 30 June 2018 is not reliable as the municipality did not have an adequate performance management system to maintain records to enable reliable reporting on achievement of target. As a result, I was unable to obtain sufficient appropriate audit evidence in some instances while in other cases the supporting evidence provided did not agree to the ported achievement. Based on the supporting evidence that was provided, the achievement was 8, but we were unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.		<p>30 June 2019</p> <p><u>Action Plan / audit response</u></p> <p>Performance report and POE has been reviewed by HOD</p> <p><u>Responsible Official</u></p> <p>Manager PMS/IDP</p> <p><u>Target date</u></p> <p>30 June 2019</p>
CO-ORDINATION OF SMME's TRAININGS	I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 7 SMME trainings provided. This was due to limitation placed on the scope of my work. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to	<u>Action planned/Audit response</u>	<p><u>Action plan/ Audit response</u></p> <p>Performance report and POE has been reviewed by HOD</p>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
	determine whether any adjustments were required to the achievement of 7 SMMEs trainings provided as reported in the annual performance report.		<u>Responsible Official</u> Manager PMS/IDP  <u>Target date</u> 30 June 2019
DEVELOPMENT OF MASTER PLAN BY 31 MAY 2018	I was unable to obtain sufficient appropriate audit evidence for the reported achievement of completed roads and storm water plan and municipal amenities master plan. This was due to limitation placed on the scope of my work. I was unable to confirm the reported achievement of the indicator by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of master plans by 31 May 2018 as reported in the annual performance report.	<u>Action planned/Audit response</u>	<u>Action Plan/ Audit plan</u>  <u>Master plan has been developed and will be reviewed in this financial year</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
			<u>Responsible Official</u>  Manager PMS/IDP  <u>Target date</u> 30 June 2019
COMPLIANCE: AFS	<p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of Sec 122(1) of the MFMA. Material misstatements of non-current assets, current asset, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were submitted financial statements were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.</p>	<u>Action planned/Audit response</u>	<u>Audit action/ audit response</u>  Internal Auditors have reviewed interim Financial Statements for review. The Draft AFS has been reviewed by Internal Auditors and Cogta is also assisting  <u>Responsible Official</u>  Manager PMS/IDP



## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
			<u>Target date</u>
PROCUREMENT AND CONTRACT MANAGEMENT	Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements due to inadequate record management and registry that is not adequately fire proofed.	<u>Action planned/Audit response</u>	<u>Action planned/Audit response</u>
	Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year		<p>Compliance checklist has been developed and implemented</p> <p>Electronic filing system has been implemented.</p> <p>Recalculation of points by Adjudication Committee.</p> <p><u>Responsible Official</u></p>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
	Sufficient appropriate audit evidence could not be obtained that all goods and services of a transaction value above R200 000 were procured by inviting competitive bids, as required by SCM regulations 19(a). Similar non-compliance was also reported in the prior year.		CFO
	Some of the contracts were awarded through a competitive bidding processes that were not adjudicated by the adjudication committee.		<u>Target date</u> 30 June 2019
	Some of the contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act of SA, 2000		
	Some of the contracts were awarded to bidders that did not score the highest points in		

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
	the evaluation process, as required by Section 2(1)(f) of PPPFA and its regulations.		
	Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with Sec 18(1) of the Construction Industry Development Board Act of SA, 2000.		
	Bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 PPPFA 8(2). Similar non-compliance was also reported in the prior year.		
EXPENDITURE MANAGEMENT	Money owed by the municipality was not always paid within 30 days, as required by Sec 65(2)(e) of the MFMA.	<u>Action planned/Audit response</u>	<u>Action planned/Audit response</u>  Two payment runs in a month, on the 15 <sup>th</sup> and 30 <sup>th</sup> of each month.  <u>Responsible Official</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
			<p>CFO</p> <p><u>Target date</u></p> <p>30 June 2019</p>
	<p>Reasonable steps were not taken to prevent unauthorised expenditure amounting to R9,67 million, as disclosed in note 37 to the AFS, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate controls to monitor spending of the budget.</p>	<p><u>Action planned/Audit response</u></p>	<p><u>Action planned/Audit response</u></p> <p>SCM Compliance checklist has been developed and implemented</p> <p><u>Responsible Official</u></p> <p>CFO</p> <p><u>Target date</u></p> <p>30 June 2019</p>
	<p>Reasonable steps were not taken to prevented Irregular expenditure amounting to R12, 75 million, as disclosed in note 39 to the AFS, in contravention of Sec 62(1)(d) of the MFMA. The majority of the irregular</p>		

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
	expenditure was caused by non-compliance with the SCM regulations as detailed in the procurement and contract management compliance findings in the paragraphs 30 to 37 of the report		
	Reasonable steps were not taken to prevented wasteful expenditure amounting to R796 506, as disclosed in note 38 to the AFS, in contravention of Sec 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful was caused by interest and penalties as a result of late payments of suppliers and the SARS.		
CONSEQUENCE MANAGEMENT	UIFW expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA	<u>Action planned/Audit response</u>    <u>Responsible Official</u> Municipal Manager	<u>Action planned/Audit response</u> UIFW has been investigated by the Council committee.*    <u>Responsible Official</u>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
		<u>Target date</u> 31 March 2019	Municipal Manager  <u>Target date</u> 30 June 2019
STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT	The performance management system and related controls were inadequate as it did not describe how the performance monitoring, measurement, review and reporting processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1)	<u>Action planned/Audit response</u>  <u>Responsible Official</u> Municipal Manager  <u>Target date</u> 31 March 2019	<u>Action planned/Audit response</u>  Performance management will be managed in terms Municipal Planning and Performance Management Regulation  <u>Responsible Official</u> Municipal Manager

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

Nature of Audit Query	Audit Query	Audit Response/Action planned	Audit Response Progress (June 2019)
			<u>Target date</u> 30 June 2019

**Auditor – General of South Africa**

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# GLOSSARY

<b>Accessibility indicators</b>	Explore whether the intended beneficiaries are able to access services or outputs.
<b>Accountability documents</b>	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in- year and Annual Reports
<b>Activities</b>	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
<b>Adequacy indicators</b>	The quality of input or output relative to the need or demand.
<b>Annual Report</b>	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include Annual Financial Statements as submitted to and approved by the Auditor-General

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<b>Approved Budget</b>	The Annual Financial Statements of a municipality as audited by the Auditor General approved by council or a provincial or national executive.
<b>Baseline</b>	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
<b>Basic municipal service</b>	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health safety or the environment.
<b>Budget year</b>	The financial year of which an annual budget is to be approved-means a year ending on 30 June.
<b>Cost indicators</b>	The overall cost or expenditure of producing a specific quantity of outputs.
<b>Distribution indicators</b>	The distribution of capacity to deliver services.
<b>Financial statements</b>	includes at least a statement of financial position, statement of performance, cash-flow statement, note to these statements and any other statements that may be prescribed.
<b>General Key performance indicators</b>	After consultation with MECs for local government, the Ministers may prescribe general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All resources that contributes to the production and delivery of outputs.  Inputs are "what use to do the work". They include finances, personnel, equipment building.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; Infrastructure</li> </ul>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequences of achieving specific output. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve"
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be define as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance indicator</b>	Indicators should be specified to measure performance in a relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance information</b>	Generic term for no-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance standards</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirement and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factors.
<b>Performance Targerts</b>	The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period
<b>Service Delivery Budget Implementation Plan (SDBIP)</b>	Detailed plan approved by the Mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included

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<b>Vote</b>	<p>One of the main segment into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies total amount that is appropriate for the purpose of a specific department or functional areas.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <ul style="list-style-type: none"><li>A) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</li><li>B) Which specifies the total amount that is appropriated for the purpose of the department or functional areas concerned</li></ul>

# APPENDICES

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### APPENDIX B-COMMITTEES AND PURPOSES OF COMMITTEES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Municipal Public Accounts Committee	To monitor good governance where there is optimal utilisation of municipal resources to enhance and sustain service delivery and financial management.
Audit Committee	Plays an oversight role on Financial Management and Performance monitoring on behalf of the municipal council in terms of s166 of MFMA.

### APPENDIX C- THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Dr VJ Mthembu
Chief Financial Officer	Mr JM Nkosi
Corporate Services	Mr. LM Mthombeni
Community services	Mr B Shange
Technical Services	Mr MVM Cele (Resigned)

## APPENDIX D- FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
<b>Constitution Schedule 4, Part B functions:</b>		
Air pollution	No	No
Building regulations	Yes	
Child care facilities	Yes	
Electricity and gas reticulation	Yes	Yes
Firefighting services	Yes	Yes
Local tourism	Yes	No
Municipal airports	Yes	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	Yes
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	No	No
Beaches and amusement facilities	No	Yes
Billboards and the display of advertisements in public places	Yes	No



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Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	No	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	Yes
Facilities for the accommodation, care and burial of animals	No	Yes
Fencing and fences	No	Yes
Licensing of dogs	No	No
Licensing and control of undertakings that sell food to the public	No	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	No
Pounds	No	Yes
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	Yes Eskom
Traffic and parking	Yes	No

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### APPENDIX E- FUNCTIONALITY OF WARD COMMITTEES

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr BN Ngwane	Yes	12	12	4
2	Cllr SS Zondo	Yes	12	12	4
3	Cllr PS Mantengu	Yes	12	12	4
4	Cllr SZ Mthembu	Yes	12	12	4
5	Cllr FZ Nkwanyana	Yes	12	12	4
6	Cllr BL Mafuleka	Yes	12	12	4
7	Cllr PV Gumede	Yes	12	12	4
8	Cllr NH Nxumalo	Yes	12	12	4
9	Cllr MO Ntombela	Yes	12	12	4
10	Cllr BW Mangele	Yes	12	12	4
11	Cllr MR Mthembu	Yes	12	12	4
12	Cllr TM Khumalo	Yes	12	12	4
13	Mr GR Mchunu	Yes	12	12	4

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### APPENDIX F- DISCLOSURE OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2018 to 30 June of 2019		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	Cllr VF Hlabisa (Resigned in May 2019)	Nil
	Cllr CT Khumalo	Nil
Councillor	Cllr HT Nkosi	Nil
	Cllr SG Hlatshwayo	Nil
	Cllr BN Ngwane	Nil
	Cllr SS Zondo	Nil
	Cllr PS Mantengu	Nil
	Cllr SZ Mthembu	Nil
	Cllr FZ Nkwanyana	Nil
	Cllr BL Mafuleka	Nil
	Cllr PV Gumede	Nil
	Cllr NH Nxumalo	Nil
	Cllr MO Ntombela	Nil
	Cllr BW Mangele	Nil
	Cllr MR Mthembu	Nil
	Cllr TM Khumalo	Nil
	Cllr GR Mchunu	Nil
	Cllr SF Mdaka (Resigned in May 2019)	Nil
	Cllr AS Thela	Nil

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	Cllr NF Ngema	Nil
	Cllr ONN Ndwandwe	Nil
	Cllr TN Ngema	Nil
	Cllr TS Mahlaba	Nil
	Cllr DM Mngomezulu	Nil
	Cllr HS Ndlovu	Nil
	Cllr NN Xulu	Nil
<b>Municipal Manager</b>	Dr V.J. Mthembu	Yes
<b>Chief Financial Officer</b>	Mr JM Nkosi	Nil
<b>Other S57 Officials</b>	Mr MV Cele	Nil
	Mr B Shange	Nil
	Mr LM Mthombeni	Yes

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### APPENDIX K.1 TAXIS AND SERVICES CHARGED

Description	2018/2019		2017/2018	
	Projected	Actual	Projected	Actual
Service Charges	R 2 263 000	R 2 077 273	R 2 020 000	R 2 019 611
Taxes – VAT Refund	R 5 433 000	R 6 863 528.41	nil	R 5 242 900.50
<b>Total</b>	<b>R 7 696 000</b>	<b>R 8 940 801.41</b>	<b>R 2 020 000</b>	<b>R 7 262 511.50</b>

### APPENDIX K.2- OPERATING AND CAPITAL EXPENDITURE

Expenditure Item	2018/2019		2017/2018	
	Projected	Actual	Projected	Actual
Salaries, wages and allowances	R 79 152 000	R 81 277 764	R 75 828 000	R 76 290 128
General expenditure	R 23 650 000	R 27 697 935	R 19 336 000	R 18 781 264
Repair and maintenance	R 5 500 000	R 3 133 971	R 3 044 000	R 3 042 697
Capital charges	Nil	Nil	Nil	Nil
Grant Expenditure	R 7 825 000	R 2 085 838	R 2 487 000	R 2 078 718
Capital Expenditure	R 21 000 000	R 20 765 213	R 21 664 000	R 21 664 000
<b>Gross/Net expenditure</b>	<b>R 137 127 000</b>	<b>R 134 960 721</b>	<b>R 122 359 000</b>	<b>R 121 856 807</b>

**APPENDIX K.3- BORROWINGS**

Loan	Type	Interest Rate	Balance (R)	
			30/06/2019	30/06/2017
Bank overdraft	Overdraft	-	Nil	nil
External Loans	Short/Long Term	-	Nil	nil
Finance Leases	Lease	-		
Total			Nil	nil

**APPENDIX K.4- INVESTMENT ANALYSIS**

Investment Description	Balance (R)	
	30/06/2019	01/07/2018
Marcantile (4100167725)	18 660.06	17 419.95
Nedbank (03/716506708)	96 942.40	91 628.71
Absa (4053709558)	3 288 878.78	3 255 171.19
Absa (9109586760)		
FNB (62641675890)	187 476.41	21 179.87
FNB(62641677466)	584 869.45	38 862.37
FNB (62641681251)	118 806.19	41 351.86
FNB (62641679123)	379 986.77	30 605.53
<b>Total</b>	<b>4 675 620.06</b>	<b>3 496 219.48</b>

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### APPENDIX K.4- COUNCILLORS IN ARREARS

Name	Total Amount	Current	> 30 Days	> 60 Days	> 90 Days	> 120 Days	> 150 days
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## BIG 5 HLABISA MUNICIPALITY ANNUAL REPORT 2018-2019

### Appendix S: National and Provincial for Local Government

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	The municipality has a stakeholder forum which focuses on the district as a whole where all basic service providers report progress of these services	85%
Output: Implementation of the Community Work Programme	The Big 5 Hlabisa municipality has been working hard in ensuring the implementation of Operation Sukuma Sakhe which is championed by Department of Social Welfare.	90%
Output: Deepen democracy through a refined Ward Committee model	The functional ward committees and war rooms are there for the purpose of ensuring community participation in all municipal functions.	95%
Output: Administrative and financial capability	Compliance with policies and procedures to ensured that municipal resources are used economically, efficiently, effectively, and value for money is achieved.	100



## **VOLUME II: ANNUAL FINANCIAL STATEMENTS**

**Attached herewith are 2018/19 Annual Financial Statements (AFS) audited**

**Available in March 2020**